This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2279.

LISTED DECEMBER 13, 1967.
7,521,899 Common Shares of $1 par value each, of which 794,897 Shares are subject to issuance.
Stock Symbol "KMG".
Dial Quotation Number 2053.
Post Section 11.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

KERR-McGEE CORPORATION

Incorporated under the Laws of the State of Delaware,
United States of America on November 9, 1932.

COMMON STOCK — PAR VALUE $1.00

Transferable in New York, New York;
Chicago, Illinois and Toronto, Ontario.

CAPITALIZATION AND FUNDED DEBT

CAPITAL STOCK	Authorized	Issued As At September 18, 1967	To Be Listed
Common Shares, par value $1.00 per share	10,000,000	6,727,002 (Including 53,407 Treasury Shares)	7,521,899*

*Including (a) 705,171 shares issuable upon conversion of 3¾% Convertible Subordinated Debentures due May 1, 1992, (b) 1,996 shares issuable on conversion of Option Warrants due January 4, 1980, and (c) 87,730 shares issuable upon exercise of Stock Options under 1956 and 1963 Employee Stock Option Plans.

FUNDED DEBT

Reference is made to "Note 5." on page 50 of the attached Prospectus specifically hereinafter incorporated herein and made a part of this Listing Statement.

October 30, 1967

1. APPLICATION FOR LISTING

KERR-McGEE CORPORATION (herein called "Company") hereby makes application for listing on The Toronto Stock Exchange 7,521,899 shares of its common stock, par value $1.00 per share of which at September 18, 1967, 6,727,002 (including 53,407 treasury shares) were issued as fully paid and non-assessable and of which 6,673,595 shares were outstanding. The remaining 794,897 shares included in this application have been reserved for issuance upon the conversion of the Company's 3¾% Convertible Subordinated Debentures due May 1, 1992; upon conversion of Option Warrants expiring on January 4, 1980 and upon the exercise of options granted or to be granted under the 1956 and 1963 Employee Stock Option Plans.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus on Company's 3¾% Convertible Subordinated Debentures due May 1, 1992 which by this reference is incorporated herein and made a part of this Listing Statement and will be referred to from time to time for certain additional information in connection herewith.

3. HISTORY AND BUSINESS

The Company was incorporated under the name of A. & K. Petroleum Company on November 9, 1932, under the laws of the State of Delaware, U.S.A.; changed its name to Kerlyn Oil Company on April 12, 1937; changed its name to Kerr-McGee Oil Industries, Inc. on January 15, 1946 and changed to its current name Kerr-McGee Corporation on November 1, 1965. During the life of the Company, the following corporations have been merged into it.

Merged Company	Effective Date of Merger
Anchor Exploration Company	January 2, 1946
Kerr-McGee Skyways, Inc.	June 30, 1948
Fen-Ter Refining Company	July 1, 1948
Pacific Uranium Mines Company	December 30, 1960
Kermac Nuclear Fuels Corp.	December 31, 1964

For information with respect to the business of the Company, reference is made to the caption "The Company — Its Business and Property" beginning on page 10 of the attached prospectus.

4. INCORPORATION AND CAPITAL CHANGES

Pursuant to its original Certificate of Incorporation, Company was authorized to issue 400,000 shares of common stock ($5.00 par value each) of which 125,000 shares were classified as Class A stock and 275,000 shares classified as Class B stock. A summary of the changes in Company's authorized capitalization since the date of its incorporation follows:

Date	Authorized Capitalization Following Amendment
April 20, 1935	800,000 shares ($5.00 par value each) of which 250,000 shares were classified as Class A Common Stock and 550,000 shares were classified as Class B Common Stock.
May 31, 1935	Same as above except par value of the Class B Common Stock reduced to $1.00 par value each.
September 21, 1936	1,050,000 shares of which 250,000 shares (par value $5.00 each) were classified as Class A Common Stock and 800,000 shares (par value $1.00 each) were classified as Class B Common Stock.
March 2, 1938	1,046,285 shares of which 246,285 shares (par value $5.00 each) were classified as Class A Common Stock and 800,000 shares (par value $1.00 each) were classified as Class B Common Stock.
November 22, 1944	800,000 shares of common stock par value $1.00 each.
February 23, 1946	1,500,000 shares of which 60,000 shares (par value $22.50 each) were classified as Cumulative Convertible Preferred Stock and 1,440,000 shares (par value $1.00 each) were classified as Common Stock.
March 25, 1953	2,000,000 shares of which 25,000 shares (par value $22.50 each) were classified as Cumulative Convertible Preferred Stock and 1,975,000 shares (par value $1.00 each) were classified as Common Stock.
March 10, 1955	3,000,000 shares of which 25,000 shares (par value $22.50 each) were classified as Cumulative Convertible Preferred Stock and 2,975,000 shares (par value $1.00 each) were classified as Common Stock.
April 26, 1955	4,500,000 shares of which 25,000 shares (par value $22.50 each) were classified as Cumulative Convertible Preferred Stock; 700,000 shares (par value $25.00 each) were classified as Prior Convertible Preferred Stock and 3,775,000 shares (par value $1.00 each) were classified as Common Stock.
June 2, 1955	4,475,000 shares of which 700,000 shares (par value $25.00 each) were classified as Prior Convertible Preferred Stock and 3,775,000 shares (par value $1.00 each) were classified as Common Stock.
May 1, 1961	10,700,000 shares of which 700,000 shares (par value $25.00 each) were classified as Prior Convertible Preferred Stock and 10,000,000 shares (par value $1.00 each) were classified as Common Stock.
June 30, 1961	10,000,000 shares (par value $1.00 each) all classified as Common Stock.

5. SHARES ISSUED DURING THE PAST TEN YEARS

The following tabulation shows the number of shares of capital stock (being Common Stock [$1.00 par] only) of the Company issued in each year from July 1, 1957 up to and including September 30, 1967:

Year	Type of Issue *	No. of Shares	Aggregate Consideration Realized
7-1-57 to 6-30-58	(a) (b) (c)	4,767.4	$129,261
7-1-58 to 6-30-59	(b) (c)	17,268	$481,579
7-1-59 to 6-30-60	(c)	10,190	$255,971
7-1-60 to 6-30-61	(a) (b) (c) (e) (f) (g) (j)	3,898,677.2	$20,029,058
7-1-61 to 6-30-62	(b) (c) (g)	15,201	$313,030
7-1-62 to 6-30-63	(c)	39,527	$764,341
7-1-63 to 6-30-64	(c) (g)	212,531	$7,811,682
7-1-64 to 6-30-65	(c)	64,750	$1,338,810
7-1-65 to 12-31-65	(c) (h)	26,567	$1,009,461
1-1-66 to 12-31-66	(c) (h) (i)	43,714	$2,626,486
1-1-67 to 9-30-67	(c) (h) (k)	20,434	$856,256
	TOTAL	4,353,626.6	$35,615,935

* (a) conversion of 4-1/2% Cumulative Prior Convertible Preferred Stock, (b) conversion of 1/3 and 1/10 share Scrip Certificates, (c) exercise of Employee Stock Options, (d) acquisition of Triangle Refineries, Inc., (e) acquisition of balance of stock in Kermac Nuclear Fuels Corp., (f) exchange for stock of Pacific Uranium Mines Company on merger of Pacific Uranium Mines Company into the Company, (g) conversion of Option Warrants expiring June 1, 1964, (h) conversion of Option Warrants expiring June 30, 1967, (i) conversion of Option Warrants expiring January 4, 1980, (j) two for one stock split in 1961 and (k) conversion of 3-3/4% Convertible Subordinated Debentures due May 1, 1992.

6. DIVIDENDS [1]

The following table shows the dividend record of the Company's preceding ten (10) calendar years. No dividends are in arrears.

Date of Payment	Rate Per Share	Amount
January 1, 1957	20¢	$ 372,829.36
April 1, 1957	20¢	413,228.86
July 1, 1957	20¢	430,653.88
October 1, 1957	20¢	475,624.18
January 1, 1958	20¢	475,626.60
April 1, 1958	20¢	475,629.35
July 1, 1958	20¢	475,667.56
October 1, 1958	20¢	475,956.36
January 1, 1959	20¢	476,720.95
April 1, 1959	20¢	477,618,95
July 1, 1959	20¢	478,999.56
October 1, 1959	20¢	479,794.16
January 4, 1960	20¢	480,094.16
April 1, 1960	40¢	960,807.12
July 1, 1960	40¢	962,320.32
October 1, 1960	30¢	722,785.14
January 3, 1961	30¢	725,627.34
April 1, 1961	40¢	1,153,443.12
July 1, 1961	20¢	1,259,199.77
October 2, 1961	20¢	1,262,008.00
January 2, 1962	20¢	1,263,243.00
April 2, 1962	20¢	1,263,835.80
July 2, 1962	20¢	1,263,935.80
October 1, 1962	20¢	1,264,145.80
January 2, 1963	25¢	1,581,339.00
April 1, 1963	25¢	1,587,089.00
July 1, 1963	25¢	1,589,751.50
October 1, 1963	25¢	1,591,377.00
January 2, 1964	25¢	1,592,202.50
April 1, 1964	30¢	1,911,988.50
July 1, 1964	30¢	1,930,899.30
October 1, 1964	30¢	1,987,406.10

Date of Payment	Rate Per Share	Amount
January 2, 1965	30¢	1,989,326.10
April 1, 1965	30¢	1,990,106.10
July 1, 1965	30¢	1,990,886.10
October 1, 1965	30¢	1,992,933.30
January 3, 1966	32.5¢	2,162,963.75
April 1, 1966	32.5¢	2,169,245.06
July 1, 1966	32.5¢	2,171,994.75
October 1, 1966	32.5¢	2,173,891.19
January 3, 1967	35¢	2,345,802.90
April 1, 1967	35¢	2,346,944.29
July 1, 1967	35¢	2,350,314.72
October 1, 1967	37.5¢	2,520,295.48

(1) Common Stock only. From January 1, 1957 until redeemed on May 5, 1961, Company paid a total dividend of $3,396,976.42 on its Prior Convertible Preferred Stock, $25.00 par value.

7. RECORD OF PROPERTIES

For information with respect to properties of the Company, reference is made to the caption, "The Company — Its Business and Property" beginning on page 10 of the attached prospectus.

8. SUBSIDIARIES

The principal subsidiaries (all wholly owned) of the Company are CATO OIL AND GREASE CO. of Oklahoma City, Oklahoma; MOSS-AMERICAN, INC. of St. Louis, Missouri; KERR-McGEE CHEMICAL CORP. of Oklahoma City, Oklahoma; TRANSWORLD DRILLING COMPANY of Oklahoma City, Oklahoma and TRIANGLE REFINERIES, INC. of Houston, Texas. For information with respect to each such Subsidiary, reference is made beginning at page 10 of the attached prospectus.

9. STOCK PROVISIONS AND VOTING POWERS

For information with respect to the stock provisions and voting powers of Company's Common Stock reference is made to the caption "Description of Common Stock" on page 35 of the attached prospectus.

10. STOCK OPTIONS AND WARRANTS

For information with respect to Company's Stock Option Plans, reference is made to the caption "Holders of Securities Options" beginning on page 38 of the attached prospectus.

Pacific Uranium Mines Company, at the date of its merger into the Company, had outstanding Stock Purchase Warrants expiring January 4, 1980 comprehending 675,000 shares of its Common Stock. As an incident of the merger the Company tendered to the holders of these Pacific Warrants in exchange therefor, a further series of "Option Warrants" expiring June 30, 1967 (herein sometimes called the 1967 Warrants) comprehending 33,750 shares at December 31, 1960 of the Company's Common Stock (being in the ratio of 1 Company share for 20 Pacific shares) at the purchase price therein provided for of $80 per share. The issuance on January 3, 1961 of 200,000 shares of Common Stock for 878,000 shares of the Common Stock of Kermac Nuclear Fuels Corp. valued at $11,000,000 and for the two-for-one Common Stock split on May 5, 1961 resulted in a reduction of the purchase price to $39.12.

Pacific Warrants comprehending 22,500 shares of Pacific Common Stock were not exchanged for 1967 Warrants and, by virtue of their provisions and pertinent law, they may (although this is not admitted) be deemed to have become Common Stock Purchase Warrants obligations of the Company (and are herein sometimes called the 1980 Warrants). The provisions of the 1980 Warrants are not stated in the same terms as those of the 1967 Warrants but their prime purpose and effect are similar. It is to be noted that whereas the 1967 Warrants were bearer instruments, full title to which passes by delivery, the 1980 Warrants are instruments registered in the owner's name, and transfer of title thereto requires assignment and re-registration. There is no writing, in the form of a plan or otherwise, specifically directed to the issuance and sale of the shares of the Company's Common Stock upon the exercise of those Stock Purchase Warrants of Pacific Uranium Mines Company that were not exchanged for the Company's 1967 Warrants. By reason of the provisions of the Pacific Stock Purchase Warrants, considered in conjunction with pertinent law and the provision of the Company's agreement of merger with Pacific, it is deemed possible (although this is not admitted) that the Company, as long as any such Pacific Stock Purchase Warrants remain outstanding and unexchanged for the Company's 1967 Warrants in the ratio of 2 shares of Company Common Stock for 20 shares of Pacific Common Stock called for by the Pacific Stock Purchase Warrants (which is the stock ratio pertaining to the merger of Pacific into Company after adjustment for the two-for-one Common Stock split of May 5, 1961), is obligated to issue and sell shares of its Common Stock upon proper tenders for the exercise of said Pacific Stock Purchase Warrants; and it is further deemed that, in such event, the "Purchase Price" is currently $43.77 per share of the Company's Common Stock and that, at said purchase price and with respect to the 22,500 unexchanged Pacific Stock Purchase Warrants, a maximum of 2,314 shares of the Company's Common Stock would be subject to purchase by the holders of such Warrants. To September 30, 1967, of the above mentioned 22,500 Pacific Warrants, 3,100 had been exercised resulting in the issuance of 318 shares of the Company's Common Stock, whereby the total shares presently comprehended by the Pacific Warrants is 1,996.

KERR-McGEE CORPORATION

Supplement to Prospectus Dated May 19, 1967

Of the Debentures offered for subscription, $93,918,700 principal amount were subscribed for pursuant to the exercise of Rights and the remaining $1,287,500 principal amount are to be purchased by the Underwriters as set forth in the Prospectus.

The Representatives of the Underwriters have advised the Company that, during the subscription period and for the accounts of the Underwriters, 1,631,826 Rights were purchased at prices ranging from $\frac{2}{16}$ to $\frac{10}{16}$ per Right, $52,000 principal amount of Debentures were purchased at prices ranging from 101% to 101¼%, $23,311,800 principal amount of Debentures were subscribed for pursuant to the exercise of such Rights, and $24,651,300 (including $3,393,500 sold after the termination of the subscription period) principal amount of Debentures were sold at prices ranging from 101% to 104¾% of principal amount.

June 6, 1967

PROSPECTUS

$95,206,200

Kerr-McGee Corporation

3¾% Convertible Subordinated Debentures, due May 1, 1992

To bear interest from June 5, 1967
Convertible into Common Stock at $135 per Share

As set forth herein under "Offer to Stockholders," stockholders of record at the close of business on May 18, 1967, are receiving Rights to subscribe for the Debentures offered hereby on the basis of $100 principal amount of Debentures for each 7 shares of Common Stock then held. The Rights are evidenced by transferable Warrants and will expire on June 5, 1967, if not exercised on or before that date. On May 18, 1967, the last sale price of the Common Stock on the New York Stock Exchange was 119¼.

Application has been made by Kerr-McGee Corporation for the listing on the New York Stock Exchange of the Debentures offered hereby.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Subscription Price	Underwriting Discounts and Commissions (1)	Proceeds to Company (1) (2)
Per Unit ($100 principal amount)	*100%*	Minimum 1⅛% Maximum 1⅞%	Maximum 98⅞% Minimum 98⅛%
Total	$95,206,200	Minimum $1,071,070 Maximum $1,785,116	Maximum $94,135,130 Minimum $93,421,084

(1) See "Underwriting" herein for assumptions on which the minimum and maximum underwriting commissions are based and for information concerning possible payment to Kerr-McGee Corporation by the Underwriters of additional funds. The Underwriters are obligated to purchase all Unsubscribed Debentures if any are purchased by them.

(2) Before deducting expenses payable by Kerr-McGee Corporation, estimated at $245,000, and exclusive of accrued interest on Unsubscribed Debentures purchased by the Underwriters.

During and after the subscription period, the Underwriters may offer Debentures (including Debentures issuable upon exercise of Rights purchased for the accounts of the Underwriters), either firm or subject to prior subscription, at prices set from time to time by the Representatives of the Underwriters. Each such price when set will not exceed (i) the highest price at which a dealer not participating in this distribution is then offering Debentures to other dealers, plus the amount of any concession to dealers, or (ii) after the Debentures have been admitted to trading on the New York Stock Exchange, the greater of the last sale or current asked price of the Debentures on such Exchange, plus the amount of the commission applicable on such Exchange, and plus, in either case, accrued interest, if any. A price so set in any calendar day may not be increased more than once during such day. The Underwriters may thus realize profits or losses independent of the underwriting commissions set forth above.

The list of Underwriters set forth herein under the caption "Underwriting" includes:

Lehman Brothers **Dempsey-Tegeler & Co., Inc.**

The date of issue of this Prospectus is May 19, 1967.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE DEBENTURES OFFERED HEREBY OR OF THE RIGHTS OR OF THE COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

No person is authorized to give any information or to make any representations not contained in this Prospectus in connection with the offer made hereby, and, if given or made, such information must not be relied upon as having been authorized by Kerr-McGee Corporation or by the Underwriters. This Prospectus does not constitute an offer to sell the Debentures in any state to any person to whom it is unlawful to make such offer in such state.

Until June 28, 1967, all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Kerr-McGee Corporation

$95,206,200

3¾% Convertible Subordinated Debentures

due May 1, 1992

Interest Payable May 1 and November 1 in Each Year

Registered Debentures without coupons in denominations of $100, $500, $1,000, and any multiple of $1,000 will be issued.

Convertible into Common Stock at $135 per share. The conversion price is subject to adjustment in certain events. With respect to Debentures or portions thereof called for redemption, the conversion privilege terminates 15 days prior to the date fixed for redemption.

Redeemable at the option of the Company on not less than thirty nor more than sixty days' notice, as a whole or from time to time in part, during the year beginning May 1, 1967 at 103¾% of the principal amount thereof and at decreasing prices thereafter, together with accrued interest to the date of redemption. Redeemable for the Sinking Fund at the principal amount thereof, plus accrued interest.

Sinking Fund: Beginning May 1, 1978, through May 1, 1991, the Company is required to retire $4,000,000 principal amount of the Debentures annually, which will retire approximately 59% of the Debentures prior to maturity, and, beginning May 1, 1973 through May 1, 1991, the Company may also retire at its option up to $4,000,000 principal amount annually, such optional right being non-cumulative.

Subordinated, as to principal, premium, if any, and interest, to Senior Indebtedness, as defined in the Indenture (Article One), whether outstanding on the date of the Indenture or thereafter incurred. As of the date of this Prospectus Senior Indebtedness amounted to approximately $132,160,000.

Trustee

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

New York, N. Y. 10015

Kerr-McGee Corporation

OFFER TO STOCKHOLDERS

Kerr-McGee Corporation (the "Company") hereby offers to holders of its Common Stock of record at the close of business on May 18, 1967, the right to subscribe for the Debentures, at the subscription price set forth on the cover of this Prospectus (herein called "Subscription Price"), on the basis of $100 principal amount of Debentures for each 7 shares held. Unsubscribed Debentures are to be purchased by the Underwriters. Rights to subscribe (herein called "Rights") are evidenced by fully transferable warrants (herein called "Warrants"). One Right is granted in respect of each share of outstanding Common Stock. 7 Rights are required in order to subscribe for each $100 principal amount of the Debentures.

Expiration Date

The subscription offer will expire at 3:30 P.M. New York Time on June 5, 1967 (herein called "Expiration Date"). Rights not exercised on or before the Expiration Date will be void.

Agent

The agent (herein called "Agent") who will act in connection with the subscription offer is:

First National City Bank
Corporate Trust Department
P. O. Box 447
Church Street Station
New York, N. Y. 10008

How to Subscribe

The Rights may be exercised by filling out and signing the subscription form on the Warrants and delivering them to the Agent on or before the Expiration Date, accompanied by payment of the full Subscription Price. Subscriptions must be for $100 principal amount of Debentures or multiples thereof.

Payment of the Subscription Price should be made in United States dollars by check, bank draft, or postal or express money order to the order of Kerr-McGee Corporation or the Agent. Debentures will be issued as soon as practicable after the expiration of the subscription period.

Purchase and Sale of Rights

Rights may be purchased or sold through the usual investment channels, including banks or brokers, and have been admitted to trading on the New York Stock Exchange.

The Company has made arrangements with the Agent to facilitate purchases of Rights (not exceeding 6) to round out subscriptions for $100 principal amount of Debentures or any multiple thereof or to make sales of Rights (without limit as to amount). As agent for Warrant holders, the Agent will for this purpose buy not more than 6 Rights or sell Rights without charge for this service except

for the cost of the Rights purchased and in the case of sales of more than 6 Rights the charges of and any commission actually paid by the Agent. The Agent may offset buying and selling orders, and its execution of orders is subject to its ability to find other sellers or buyers. Charges or credits upon purchases and sales of Rights, including offset orders, on each day will be based on current market prices. Warrant holders will receive a bill for the cost of Rights purchased or a check for the net proceeds of Rights sold.

Foreign Stockholders and Undelivered Warrants

Warrants will not be mailed to stockholders located outside the United States, Canada and Mexico (including those whose addresses indicate that they are on military or government service outside of this country). Such Warrants will be held by the Agent, for the accounts of such stockholders who may, prior to 12 o'clock noon, New York Time, on June 5, 1967, instruct the Agent as to the exercise, sale or other disposition of their Rights. If instructions are not received prior to that time, Rights held for such stockholders will, if feasible, be sold and the net proceeds remitted to them or held for their accounts. Rights will similarly be sold, if feasible, where Warrants are undeliverable because of no mailing address or because of return by the post office.

Telegraphic Acceptance

If the Agent, before 3:30 P.M., New York Time, on June 5, 1967, shall have received the full Subscription Price by telegram or otherwise, together with a guaranty in writing or by telegram, from a bank or trust company or from a member firm of the New York Stock Exchange, or from one of the Underwriters, that the subscription Warrants have been or will be promptly surrendered to the Agent, such subscription will be accepted, subject to withholding delivery of the Debentures subscribed for until receipt of the duly exercised subscription Warrants.

USE OF PROCEEDS

The net proceeds to be received by the Company from the sale of the Debentures will be added to the general funds of the Company and be available primarily for capital expenditures and for such other corporate purposes as the management may determine.

The table on page 28 captioned "Summary of Consolidated Capital Expenditures" reflects increasing annual capital expenditures of the Company and its consolidated subsidiaries, from $30,300,522 in the 1962 fiscal year to $55,471,379 in the calendar year ended December 31, 1966. In the light of the Company's past history it is not deemed possible to estimate definitively the total amount of capital expenditures for any considerable future period. The Company continues, as described under The Company — Its Business and Property herein, to be actively engaged in expanding and diversifying its lines of business, with a consequent increasing requirement for related capital expenditures including probable expenditures for construction of coal mining and coking facilities, construction of uranium mining, milling, nuclear and other facilities which may be necessary to meet the increasing fuel requirements of privately owned nuclear plants for the generation of electricity, and expenditures in connection with production and sale of plant food materials, including the development of fertilizer raw material deposits and processing facilities.

Accordingly it is considered probable that the Company's overall capital requirements over the next several years will substantially exceed the proceeds of this offer. If, in the future, the Company's general funds are insufficient for capital expenditures deemed necessary or desirable, additional financing will be required (which may involve the issuance of additional senior debt or the sale of other debt securities and/or equity financing) as determined by the management in the light of circumstances then existing. Pending specific application of the net proceeds, a portion thereof may be used for the temporary reduction of the Company's short-term debt.

DIVIDENDS

The Company has paid dividends on its Common Stock in every year since 1941. For the year ended December 31, 1966, it paid quarterly dividends at the rate of 32½¢ per share for the first three quarters and 35¢ for the fourth quarter, which was also the dividend rate for the first two quarters of 1967.

Future dividends must necessarily be determined from time to time by the Board of Directors in the light of future earnings and the financial requirements of the Company.

PRICE RANGE OF COMMON STOCK

The following table shows the price range of sales of the Company's Common Stock on the New York Stock Exchange for the calendar years 1962 through 1966 and for the year 1967 through May 18, 1967:

Year	High	Low
1962	46½	24
1963	42¾	34⅜
1964	49¾	34
1965	72⅛	44⅝
1966	87⅝	65¾
1967 (through May 18)	121¼	80⅛

CAPITALIZATION

The consolidated capitalization of the Company at March 31, 1967, and as adjusted as of that date to give effect to the sale by the Company of the Debentures offered hereby, is as follows:

	Authorized and Outstanding as of March 31, 1967	To be Outstanding
Short-Term Debt:		
Bank loans (5½% to 5¾%)	$ 10,500,000	None
Other (non-interest bearing)	35,500	$ 35,500
	$ 10,535,500	$ 35,500
Long-Term Debt(1):		
Debentures offered hereby	None	$ 95,206,200
5¼% Sinking Fund Debentures, due 1977	$ 14,748,265	14,748,265
5% insurance company loan, due 1976-1985	60,000,000	60,000,000
4¾% bank loans, due 1970	12,750,000	12,750,000
5½% insurance company loan, due 1972-1976	5,250,000	5,250,000
5½% bank loan, due 1969	4,278,270	4,278,270
5% bank loans, due 1971	5,250,000	5,250,000
4½% insurance company loans, due 1969	2,177,103	2,177,103
Other	3,537,063	3,537,063
	$107,990,701	$203,196,901
Capital Stock:		
The Company —		
Common Stock, (10,000,000 shares authorized) par value $1 per share	6,658,064 shs.(2)	6,658,064 shs.(2)
Subsidiaries — minority interest		
Common Stock (46,000 shares authorized) of Transocean Drilling Company, Limited	22,540	22,540

(1) For information relating to maturities, installment payments, sinking fund requirements and restrictions on payment of dividends on Common Stock, see Note 5 to Notes to Consolidated Financial Statements and Description of Debentures — Restrictions as to Dividends and Certain Other Payments.

(2) Excludes (a) 10,458 shares subject to exercise of outstanding warrants (of which 2,982 shares were issued pursuant to exercise of warrants subsequent to March 31, 1967), (b) 95,140 shares reserved for issuance pursuant to stock options (of which 3,383 shares were issued pursuant to exercise of options subsequent to March 31, 1967) — see herein under Management — Holders of Securities Options and Note 6 to Notes to Consolidated Financial Statements, (c) 53,407 shares held in the treasury, and (d) 705,231 shares reserved for issuance on conversion of the Debentures offered hereby.

Reference is also made to Note 7 to Notes to Consolidated Financial Statements for information as to lease obligations with respect to real property.

CONSOLIDATED STATEMENT OF EARNINGS

The following consolidated statement of earnings of Kerr-McGee Corporation and subsidiary companies has been examined by Arthur Young & Company, certified public accountants, for the three years ended June 30, 1964, and by Arthur Andersen & Co., certified public accountants, for the year ended June 30, 1965 and for the two years ended December 31, 1966. The accountants' reports appear elsewhere in this Prospectus. The summary should be read in conjunction with the other consolidated financial statements and the notes thereto included elsewhere in this Prospectus.

	Year Ended					
	June 30, 1962	June 30, 1963	June 30, 1964	June 30, 1965(D)	December 31, 1965(D)	December 31, 1966
Total Operating Revenues	$216,671,474	$214,316,968	$250,116,420	$300,399,770	$320,924,644	$340,761,586
Operating Costs and Expenses:						
Cost of petroleum and other products	$104,233,704	$101,327,039	$131,633,281	$166,029,767	$179,922,366	$184,491,637
Operating expense	48,860,491	40,975,772	40,559,885	43,820,494	46,981,398	52,978,472
Selling and general expense	17,170,782	20,073,438	26,030,347	33,059,993	35,746,739	37,400,638
Exploration, including dry holes	4,370,153	5,694,521	5,319,031	5,511,158	5,246,445	13,972,654
Depreciation, depletion and amortization	19,153,039	20,514,666	17,870,050	19,531,406	21,154,132	20,808,636
	$193,788,169	$188,585,436	$221,412,594	$267,952,818	$289,051,080	$309,652,037
Operating Profit	$ 22,883,305	$ 25,731,532	$ 28,703,826	$ 32,446,952	$ 31,873,564	$ 31,109,549
Other Income:						
Gain on disposal of property	$ 320,613	$ 882,551	$ 1,901,720	$ 1,696,338	$ 2,660,275	$ 3,768,297
Purchase discounts, interest, etc.	1,558,287	1,593,351	1,687,854	1,981,718	1,631,882	1,561,569
	$ 1,878,900	$ 2,475,902	$ 3,589,574	$ 3,678,056	$ 4,292,157	$ 5,329,866
	$ 24,762,205	$ 28,207,434	$ 32,293,400	$ 36,125,008	$ 36,165,721	$ 36,439,415
Other Deductions:						
Interest expense	$ 3,554,063	$ 3,584,386	$ 3,514,378	$ 3,480,583	$ 3,854,844	$ 5,595,995
Other expense	1,481,326	1,501,447	1,449,592	1,636,161	1,546,390	1,374,652
	$ 5,035,389	$ 5,085,833	$ 4,963,970	$ 5,116,744	$ 5,401,234	$ 6,970,647
Income Before Provision for Income Taxes and Before Minority Interests	$ 19,726,816	$ 23,121,601	$ 27,329,430	$ 31,008,264	$ 30,764,487	$ 29,468,768
Provision for Income Taxes:						
Federal income taxes (C) (E)	$ 1,919,000	$ 3,462,000	$ 5,704,540	$ 6,319,875	$ 4,299,504	$ 514,813
State income taxes	149,852	203,054	359,288	379,964	290,030	281,548
Foreign income taxes	404,648	469,946	406,172	339,000	597,151	1,203,639
	$ 2,473,500	$ 4,135,000	$ 6,470,000	$ 7,038,839	$ 5,186,685	$ 2,000,000
Income Before Minority Interests	$ 17,253,316	$ 18,986,601	$ 20,859,430	$ 23,969,425	$ 25,577,802	$ 27,468,768
Income Applicable to Minority Interest in Subsidiary Companies	219,052	180,268	180,268	453,026	509,500	742,369
Net Income (B)	$ 17,034,264	$ 18,806,333	$ 20,679,162	$ 23,516,399	$ 25,068,302	$ 26,726,399
Shares of Common Stock Outstanding During Period (A)	6,284,007	6,165,643	6,232,420	6,515,536	6,545,224	6,614,988
Per Share of Common Stock (A) (B):						
Net income	$ 2.71	$ 3.05	$ 3.32	$ 3.61	$ 3.83	$ 4.04
Cash dividends declared	.80	.95	1.10	1.20	1.225	1.325

See notes on following page.

(A) Based on average number of shares outstanding during the respective periods, net of treasury stock.

(B) See Note 5 of Notes to Consolidated Financial Statements for dividend restrictions.

(C) Includes deferred Federal income taxes representing the tax effect of deducting certain items for tax purposes in advance of the period reported for financial statements. The amounts included are as follows:

Year Ended	
June 30, 1962	$(1,455,221)
June 30, 1963	252,581
June 30, 1964	(13,360)
June 30, 1965	207,331
December 31, 1965	437,118
December 31, 1966	286,493

(D) The earnings for the six months from January 1, 1965 through June 30, 1965 are included in both the year ended June 30, 1965 and the year ended December 31, 1965. The total operating revenues for the six months ended June 30, 1965 were $168,212,446, and the net income for this period was $12,708,518.

(E) The provision for income taxes for 1966 was lower in proportion to the income before taxes in prior years because of increased income from oil and gas operations and from foreign sources which have lower effective tax rates. Increased development costs which are capitalized for financial purposes but expensed for tax purposes also reduced the income taxes in this year.

Initial annual interest requirements on the Debentures offered hereby will be $3,570,232.

The information presented below for the three months ended March 31, 1966 and March 31, 1967 is unaudited but includes all adjustments (consisting only of normal recurring accruals) which the Company considers necessary for fair presentation of the results of those periods.

	Three Months Ended March 31, (Unaudited)	
	1966	1967
Total Operating Revenues	$77,348,531	$85,082,861
Net Income	$ 5,984,418	$ 6,506,057
Shares of common stock outstanding (net of treasury stock)	6,598,185	6,656,318
Net Income per share of common stock	$0.91	$0.98

THE COMPANY — ITS BUSINESS AND PROPERTY

Kerr-McGee Corporation, incorporated under the laws of the State of Delaware on November 9, 1932, maintains its executive offices and principal administrative offices in the Kerr-McGee and Kermac Buildings in Oklahoma City, Oklahoma. Effective November 1, 1965 the Company changed its name from Kerr-McGee Oil Industries, Inc. to Kerr-McGee Corporation and effective January 1, 1966 changed its fiscal year from June 30 to December 31.

As hereinafter used, the term "the Company" means Kerr-McGee Corporation and its wholly owned subsidiaries, unless the context indicates the parent company exclusively. The companies hereinafter mentioned are wholly owned subsidiaries unless otherwise noted.

The Company engages in the exploration for and production of crude oil and natural gas and condensate and the sale thereof; the purchase, pipelining and refining of crude oil and the transportation, distribution and marketing of products thereof both at retail and by brokerage; the processing of natural gas for natural gasoline and liquefied petroleum gases; the contract drilling business; the production, processing and sale of helium; the processing and sale of vanadium; the exploration for and mining and processing of uranium-bearing ores and sale of uranium concentrate; the plant foods (fertilizer) business; and the processing and sale of forest products.

In the oil industry the Company is considered as an integrated company, as that term is therein used, and considers itself to be a medium-sized independent. Its gasolines, lubricating oils, asphalts, and allied products are marketed under the brand names of KM, Deep Rock, Kermac, and various other trade names according to the territory where sold. In its contract drilling business the Company specializes in marine drilling and big hole drilling. The Company is a major producer of uranium ores and processor thereof into uranium oxide (U_3O_8) in concentrate (commonly, and sometimes herein, called yellow cake, the chemical term for this product being ammonium diuranate).

The Company derives its consolidated operating revenues from: (1) the production and sale of oil and gas products, both crude and refined (including contract drilling) which over the past three years has accounted for approximately two-thirds of the Company's consolidated operating revenues and has contributed relatively the same percentage to the Company's consolidated net income; (2) the mining, milling and sale of uranium concentrate and other products, which although accounting for less than 10% of the Company's consolidated operating revenues, has accounted for approximately one-fourth of the Company's consolidated net income for said years; and (3) the production and sale of plant foods (fertilizers) and forest products, which although accounting for an average of approximately 23% of the Company's gross operating revenues over the past three years, has not made a significant contribution to the Company's consolidated net income.

Oil and Gas

Leasing, Exploration, Production and Reserves

The Company has producing oil and gas leases (developed acreage) in 12 states in the United States and two countries outside of the United States, viz., Canada and Venezuela, which amount to 280,730 total developed net acres of which 262,306 are within the United States. Of the total developed net acres in the United States 32% are in Oklahoma, 30% in Texas and 30% in Louisiana.

The above-mentioned developed net acres in the United States represent interests in producing oil and gas leases covering a total of 429,203 gross acres, while the total developed net acres of 18,424 outside of the United States represent interests in producing oil and gas leases covering a total of 55,037 gross acres.

The total gross acreage (both developed and undeveloped) of oil and gas leases, in the United States, Canada, Venezuela and Persian Gulf, in which the Company has interests is 2,328,623 in which the Company's net acreage is 1,056,299.

As of December 31, 1966, the total wells, both domestic and foreign, capable of producing oil, gas and/or gas liquids (condensate) total 1,914, in which the Company's varied interests are equivalent to 848 wholly owned or net wells; and of these 578 are oil wells, 190 are gas wells and 80 are gas-condensate wells. A total of 29 of the net wells are shut in for various reasons. Of the net wells, 33% are in Texas, 19% in Oklahoma, 7% in Arkansas, and 19% in Louisiana. Of the net wells in Louisiana, 64% are offshore and 36% are on land. These classifications do not take into account the dual completions from two separate reservoirs, or 130 gross wells (in which the Company's interest amounts to 49 net wells), which factor is the equivalent of additional net wells as follows: 13 gas-condensate wells, 8 gas wells and 28 oil wells.

The Company's major area of interest for domestic exploration and drilling continues to be concentrated in Louisiana, principally offshore. In the gas-condensate producing area of the 30,000-acre Block 28 Unit, Ship Shoal Area, offshore Terrebonne Parish, Louisiana, 36 gas-condensate wells have now been drilled and completed. The Company owns ⅜ of the working interest in Block 28, ⅛ of the working interest in Block 29 and ½ of the working interest in the remaining four blocks in the field.

During 1966, the Company completed a gas well and one dry hole on Block 217 and completed a shut-in oil well on Block 242 in the Ship Shoal Block 230 Field. The Company owns approximately 60% interest in each of these 5,000 acre blocks. In Block 33, Ship Shoal, the Company completed a gas discovery well and owns 37½% of the working interest in the 5,000 acre block.

The Company is continuing development on its 64.5% of the working interest in Block 214 located in the Block 208 South Ship Shoal Field, Offshore Louisiana. Eight wells have been completed in this multipay field, seven of which were drilled from three platforms and one drilled vertically from a submersible barge rig. At the present time drilling is in progress on two additional wells. Three wells were completed in 1966 and two of these discovered and confirmed the presence of deep gas condensate pay. Oil production was first commenced from the Company's property in October, 1966, and the initial sale of gas is scheduled for mid-1967.

The Company completed an oil discovery on Block 37 Breton Sound Area, Offshore Louisiana, in which it owns 50% of the working interest in 3,285 acres. Two wells have been completed in this multiple oil and gas pay property, one of which was a dual gas-oil well. Two dry holes were drilled in an attempt to evaluate offset open acreage nominated for sale. Since January 1, 1967 two additional dual wells have been completed.

In the Hog Bayou Field (East Cameron Area), Offshore Cameron Parish, Louisiana, delivery of gas was commenced in early March, 1966 from the deep gas reserves discovered and developed

in fiscal 1964 and from the excess shallow gas reserves. The Company owns one-half of the working interest in this 4,875 acre lease block.

During 1966 a gas discovery well was drilled by the Company on a 1,973 acre lease in the Ratcliff Field onshore in Assumption Parish, Louisiana, in which the Company owns 66% of the working interest. The Company also completed a gas discovery well in Block 253, Vermilion area offshore Louisiana, in which the Company owns 50% of the working interest in the 5,000 acre lease.

In the Chavaroo Field of Chaves and Eddy Counties, New Mexico, the Company continued development with the completion of 20 oil wells in which the Company owns 100% of the working interest.

The Company completed an oil discovery and successful confirmation well in the East Rieneke Field of Borden County, West Texas, from the Pennsylvania Canyon Reef. Prior to drilling the confirmation well one dry hole was drilled. A gas condensate discovery has also been completed in South Texas in the Bleakwood Field of Newton County. The Company owns 100% of the working interest in these two discoveries.

The support by the Company during 1966 of 16 wells by contribution of acreage or money resulted in 5 oil producers.

Since the end of the calendar year 1966 the Company has completed a shallow oil discovery and confirmation wells in Apache County, Northeastern Arizona. The No. 1 Navajo pumped 648 barrels of 45° A.P.I. gravity oil per day from approximately 2,900 feet and the No. 2 Navajo pumped 2,856 barrels of 44° A.P.I. gravity oil per day from approximately 3,100 feet. Three additional pumping oil wells have been completed in the same producing zone. A sixth well when drilled failed to encounter the oil producing zone, and was deepened to approximately 4,500 feet, where it was initially tested as a gas well capable of producing approximately 1,000,000 cubic feet per day; tests of other possible pay zones encountered in the drilling of the well are now being conducted. A seventh well is now in process of completion in the same oil-producing zone from which the first five completed wells are now producing. An eighth well is now being drilled as a step-out approximately 6,000 feet from the nearest producing well. In the seven-day week ending May 13, 1967 (the first full week of production from the five completed oil wells), the five wells produced a total of 64,203 barrels of oil. At this time oil production in Arizona is not prorated. The Company owns 100% of the working interest in leases in approximately 47,000 acres in the area, but it is impossible at this time to determine what portion of the acreage may become productive. No reserves are included for this development, since production experience to date is not yet sufficient to make reserve estimates.

The Company is continuing to actively pursue a program of placing certain of its leases in secondary recovery operations. As of December 31, 1966 the Company had some 4,593 net acres in 32 active secondary recovery projects in the States of Texas, Oklahoma, Kansas, Louisiana, Nebraska, Arkansas, North Dakota and New Mexico and had 34 leases with 1,969 net acres in the formation state of unitization for 11 additional projects.

Other primary areas for possible drilling of both development and wildcat wells are:

(1) Panhandle area of Texas and Oklahoma, mostly in and on the flanks of the Anadarko Basin.

(2) Texas Gulf Coast.

(3) The Rocky Mountain area.

(4) Flanks of Delaware Basin in New Mexico.

(5) West Texas (Eastern Shelf area).

(6) Alberta and British Columbia.

The activity in the way of exploration (wildcats) drilling and total drilling for the past five years and six months is reflected in the two tables that follow, the first pertaining only to wildcat drilling and the second covering all wells drilled:

Year Ended:	Number of Wildcats	Dis-coveries	Dry Holes	Percent of Discoveries to Wildcats Drilled	
				Company	Industry**
June 30, 1962	9	2	7	22.2	16.0
June 30, 1963	22	6	16	27.3	14.5
June 30, 1964	18	6	12	33.3	15.5
June 30, 1965	26	8	18	30.8	13.5
*Dec. 31, 1965	20	10	10	50.0	13.5
Dec. 31, 1966	28	11	17	39.3	17.6
	123	43	80	35.0	15.4

*Includes only six months.

Note: Above figures include foreign wells.

**Industry percentages for the calendar years listed are computed from industry totals taken from the Oil and Gas Journal, issues January 28, 1963, January 27, 1964, January 25, 1965, January 31, 1966, and January 30, 1967.

Year Ended:	Producers						Dry Holes		Total Wells	
	Oil		Gas		Gas Condensate					
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
June 30, 1962	42	7.15	11	4.20	9	2.20	10	6.12	72	19.67
June 30, 1963	36	10.53	10	3.74	10	2.45	24	8.83	80	25.55
June 30, 1964	59	21.09	8	2.38	10	3.28	23	11.33	100	38.08
June 30, 1965	54	17.19	2	.05	17	5.71	28	13.76	101	36.71
*Dec. 31, 1965	31	8.40	7	2.23	8	1.45	17	8.70	63	20.78
Dec. 31, 1966	89	36.55	8	4.36	9	4.24	32	20.50	138	65.65
	311	100.91	46	16.96	63	19.33	134	69.24	554	206.44

*Includes only six months.

Note: Above figures include foreign wells.

The Company's exploratory drilling for the past several years has included wells on (a) theretofore untested or unproductive structures, (b) theretofore unproductive fault blocks on known productive structures, (c) theretofore untested deeper sands on productive structures, and (d) acreage that would substantially extend the productive limits of known producing areas. Such activities have resulted in discoveries in all four of these classifications. Some have been developed by subsequent drilling to the limit of their productive acreage according to present interpretation of available data. A number (particularly in southern Louisiana, both on land and offshore) have not been so drilled up, and it is expected that there will continue to be development drilling thereof in future years.

Increases in production have been accomplished primarily by discovery and development on leases owned in whole or in part by the Company, or farmed out to it, there having been no sub-

stantial acquisitions of producing properties during this 5-year period. The following table summarizes to the Company's interest the oil and gas sales and production for five years and six months ended December 31, 1966.

	Sales of Oil, Gas and Condensate				
Year Ended:	Barrels of Crude Oil and Condensate	Dollar Sales of Crude Oil and Condensate	MCF** of Gas	Dollar Sales of Gas	Total
June 30, 1962	2,224,222	$ 6,392,442	59,462,336	$10,378,498	$ 16,770,940
June 30, 1963	2,325,649	6,700,659	62,899,024	10,946,390	17,647,049
June 30, 1964	2,732,658	7,844,772	64,267,664	11,458,929	19,303,701
June 30, 1965	3,110,304	8,859,111	70,371,526	12,881,986	21,741,097
*Dec. 31, 1965	1,789,146	4,984,568	35,096,839	6,759,790	11,744,358
Dec. 31, 1966	4,420,100	12,657,671	79,034,942	15,611,293	28,268,964
	16,602,079	$47,439,223	371,132,331	$68,036,886	$115,476,109

* Includes only six months.

** MCF means 1,000 cubic feet.

The above table does not include foreign sales, which are discussed in later paragraphs. Neither does it include sales from an oil and gas production payment for $1,960,000 which the Company sold in December of 1966 and which is applicable to production from leases on and after January 1, 1967. The income from the production payment sold will be recorded as the oil and gas is actually produced. The Company's income from royalties, overriding royalties, production payments and net profits interests owned by it is not significant with relation to its working interest production income. The total thereof from the period covered by the above table, but not included therein, was $2,333,389.

The Company estimates that the net recoverable reserves both domestic and foreign of crude oil, condensate and natural gas to its interest which had been drilled and developed at January 1, 1967, were as follows:

	Domestic	Foreign	Total
Crude Oil — Light — Barrels	34,988,522	10,200,094	45,188,616
Crude Oil — Heavy — Barrels	—	2,099,364	2,099,364
Condensate (Distillate) Barrels	14,524,815	332,401	14,857,216
Natural Gas — MCF	1,207,581,000	34,056,000	1,241,637,000

The above reserves do not include the Company's proven but undeveloped reserves. Neither are there included those reserves which may be obtained in the future by secondary recovery methods, not now in operation, which may be initiated in presently producing fields, provided such methods prove successful. Nor do they include those reserves applicable to all oil and gas production payments in effect on January 1, 1967.

Neither do the above reserves include gas, gasoline and liquefied petroleum products recoverable to the Company's interest from gasoline plant operations. The estimated raw gas under contract, to

those plants in which the Company has either a whole or partial share of the residue gas sale, is estimated as of December 31, 1966, at 529,428,000 MCF, of which the Company's proportionate part is 132,212,000 MCF. After providing for that part of such gas, or the proceeds thereof payable to others, and based upon applicable planned production programs, and after providing for plant fuel and shrinkage, it is estimated that out of such raw gas to the Company's interest, 69,706,000 MCF of residue gas, 4,309,000 barrels of natural gasoline, and 5,715,119 barrels of liquefied petroleum products are recoverable from the operation of these plants. In addition, 5,725,452 barrels of natural gasoline and 9,424,500 barrels of liquefied petroleum products are recoverable to the Company's interest from those plants which operate only for extraction of products, making a total liquids reserve of 10,034,452 barrels of natural gasoline and 15,139,619 barrels of liquefied petroleum products.

As of this date, the Company's foreign production operations are in Venezuela, Canada and the Persian Gulf.

On Lot 17, State of Zulia, Lake Maracaibo, which is one of two Venezuelan 25,000-acre concessions held by a group of seven companies (the Company interest being 5.4%) and for which Phillips Petroleum Company acts as operator, a new oil producing horizon below the main pay of the Campo-Lamar Field was established in a step-out well completed in December of 1966. As of December 31, 1966 there were eighteen producing wells on this property and proven productive acreage was 2,927 gross acres. Total number of dry holes drilled on the concession up to December 31, 1966 was thirteen.

Gross cumulative production on Lot 17 through December 31, 1966 was 107,981,013 barrels with approximately 5,826,332 gross barrels to the Company's interest. Production to the Company's interest has risen from 697,273 gross barrels for the fiscal year ending June 30, 1962 to 703,403 gross barrels for the fiscal year ending June 30, 1963 to 757,733 gross barrels for the fiscal year ending June 30, 1964 and 793,006 barrels for the fiscal year ending June 30, 1965. During the six months ended December 31, 1965, 402,669 gross barrels were produced and for the 12 months ended December 31, 1966, 784,001 gross barrels were produced to the Company's interest. The gross figures used herein include royalty oil of 18%.

On Lot 9, in the Temblador Area of South Monagas, which is the other 25,000-acre Venezuelan concession owned by the same seven companies and in the same proportion as the Lot 17 concession, the Company has continued to participate in a development and exploratory drilling program. To December 31, 1966 the total number of producing wells on the concession was 146. The productive zone has been subdivided into upper and lower sand groups containing oil of 13 degree API gravity and 8 to 10 degree API gravity respectively. Because of the higher gravity oil in the upper group of sands, exploitation has been directed primarily but not entirely to this group of sands. For the year ended December 31, 1966, 46 oil wells were completed. Gross cumulative production to December 31, 1966 was 48,503,079 barrels with approximately 2,617,081 gross barrels to the Company's interest. Production to the Company's interest for the year ended December 31, 1966 was 627,046 gross barrels. The gross figures used herein include royalty oil of 18%. The reserves of heavy crude oil included in the above table are based on 146 producing wells completed in the field as of December 31, 1966.

As of December 31, 1966 the Company held in Canada 815,013 gross acres and 370,417 net acres. During the year ending December 31, 1966 five exploratory wells were drilled, one as a dry hole and four completed as oil wells. These completions make a total of fourteen producing oil wells in Canada,

nine being in the Clive Field of Southwestern Alberta, of which six are dually completed. The Company owns all of the working interest in ten of the wells. In the Sylvan Lake area the Company owns an interest in four gas wells contributed to the Sylvan Lake Gas Unit No. 2, wherein the Company owns approximately 19% of the working interest, which also includes plant participation. In addition, the Company owns 60% of the working interest in a producing gas well in the Prevo Field. The Company owns an average of approximately 67% of the working interest in a total of four other gas wells in Canada which are shut in for market.

The Company and six associate companies of equal interest were awarded a concession area comprising 556,128 acres in the Iranian portion of the Persian Gulf with the National Iranian Oil Company early in 1965. The Company's portion of the cash bonus paid for this concession was $5,714,286. After encountering some oil in non-commercial quantities in both the first and second wells, operations have been suspended. Because no production in commercial quantities has been found in the principal objectives the Company's portion of the cash bonus paid for this concession was written off as of December 31, 1966.

Sales of Production

For the most part, the Company's oil and gas production is not located adjacent to either its refineries or its natural gasoline plants. Hence, in general, oil production is sold at posted prices to purchasers of crude in the areas of production on open division orders, except as to numerous leases owned jointly with Phillips Petroleum Company, the latter has a call upon the oil at posted price. The Company's Venezuelan crude oil is sold on a negotiated price basis in the World Market which is generally lower than the posted prices of domestic crude.

Gas production is, for the most part, sold under long term contracts and is primarily sold to major interstate gas gathering or transmission companies. Thus, approximately 90% of the Company's gas reserves is covered by such contracts. Except from Ship Shoal Block 214, production is currently being sold from all of the Company's gas reserves covered by such contracts.

The production of both oil and gas to the Company's interest represents the Company's portion of the market demand, allowed production, or ability to produce, whichever is the lesser amount. Approximately 79% of the Company's oil production is obtained from wells which are curtailed by state or governmental regulatory bodies. The gas production in Louisiana is, for practical purposes, controlled by contractual maximums and minimums and the gas production in the Panhandle of Texas and Oklahoma is largely controlled by market demand.

A substantial portion of the Company's production income is derived from the sale of natural gas under circumstances that subject such sales to the jurisdiction of the Federal Power Commission pursuant to the Natural Gas Act.

Refining

The Company owns and operates three refineries (two in Oklahoma and one in Louisiana) having a total crude oil capacity of 50,500 barrels daily, but the plants have not, for more than the past three years, been operated at their through-put capacity. The largest, at Wynnewood, Oklahoma, is engineered and equipped to turn out both light products and asphalts and asphaltic specialties. Construction

of a 4,200 BPSD Hydrocracker was completed and the unit was on stream in December, 1966. This unit and related off-site facilities cost approximately $4,000,000. A 2,800 BPSD Deisobutanizer, which will provide high purity isobutane and normal butane, is under construction and scheduled for completion in May, 1967. This unit and related off-site facilities will cost approximately $375,000. The second largest, at Cushing, Oklahoma, is engineered and equipped to produce a wide variety of products but is presently being primarily utilized in connection with the manufacture of high grade quality lubricating oils. The facility at Cleveland, Oklahoma consists of a specialty naptha distillation unit and a 2,000 B/D platformer. Both of these units are operated on charge stocks supplied by the Cushing, Oklahoma refinery. The Oklahoma plants are interconnected with Company owned products and crude oil pipelines. The plant located at Cotton Valley, Louisiana is primarily a specialty plant producing high quality naphthas. During the fiscal year ended June 30, 1965, the capacity of the Cotton Valley plant was increased from a rate of 5,000 B/D to 8,000 B/D.

Plant	Rated Crude Oil Capacity	Percent Operated: Calendar Year Ended December 31, 1965	Percent Operated: Calendar Year Ended December 31, 1966
Wynnewood, Oklahoma	25,000 B/D	94%	100%
Cushing, Oklahoma	17,500 B/D	53%	73%
Cotton Valley, Louisiana	8,000 B/D	77%	78%

Pipe Lines

The Company owns and operates in Oklahoma a crude gathering pipe line system of approximately 1,600 miles and approximately 200 miles of products pipe line system. The products pipe line interconnects the Company's two Oklahoma refineries and is used for shipment of both finished products and unfinished components. The crude oil gathering system supplies crude to the Oklahoma refineries from a large number of wells (mostly owned by others who sell to the Company on Division Orders) connected to the lines. The total crude so gathered approximates 50,000 barrels a day, which is in excess of the current through-put of the Company's Oklahoma refineries, and such excess is sold to other oil companies.

In late 1963 and early 1964, pursuant to a settlement with the United States Corps of Engineers, the Company abandoned approximately 200 miles of crude oil pipelines lying within the flowage area above the Keystone Dam, which is being constructed as a part of the Arkansas River navigation project. During the same period the Company sold segments totalling approximately 600 miles of its crude oil gathering system which were being operated at high cost in old stripper production areas of the State of Oklahoma. The crude oil formerly purchased through the lines which were sold or abandoned approximated 8,000 barrels daily.

Marketing and Products Distribution

Petroleum products are marketed under the Deep Rock brand in Arkansas, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota and Wisconsin and parts of Indiana, Michigan, Mississippi, New Mexico, Tennessee, and Texas. In this area

gasoline and fuel oils are distributed via the Williams Brothers Pipe Line System, the Oklahoma-Mississippi River Products Pipe Line System, and connecting Texas Eastern Transmission and Badger Pipe Line Systems, and by the Inland Waterways System on and tributary to the Mississippi River. During the fiscal year ending June 30, 1962, the Company completed construction and put into operation pipeline terminaling facilities at Clermont, Indiana on the Texas Eastern Little Big Inch products line near Indianapolis, at McFarland, Wisconsin on the Badger Pipe Line near Madison, and near Chippewa Falls, Wisconsin on the Great Lakes Pipe Line. During fiscal 1964 the Company's distribution system was further strengthened by the construction of two new product terminals at Green Bay and Milwaukee, Wisconsin, in which the Company has one-fourth interest.

The Company's major channel of branded product sales is through independent jobbers and dealers, but this sales channel is being supplemented by a program of construction of modern design service stations. In August, 1965 test operations were begun under a new KM brand. Additional chains of private brand stations are operated in the southeastern states by Cloverleaf Service Stations, Inc. and Coast Stations & Butane Co., both 100% owned subsidiaries of Triangle Refineries, Inc., and San Ann Service, Inc., 50% owned by Triangle Refineries, Inc. Cloverleaf Service Stations, Inc. operates under Peoples, Trackside, Power, Imperial, Tan-Kar and Wallace brands. As of December 31, 1966, approximately 1,466 stations were operating under the Deep Rock brand, 26 stations under the KM brand, and 3 stations under the Knox brand. Approximately 571 of these 1,495 stations were owned in fee or held under long-term lease and the balance controlled by independent jobbers and dealers operating under branded sales contracts. Company subsidiaries controlled approximately 280 additional retail stations operated in the southeastern part of the country.

The sale of naphthas, solvents, mineral seal, absorption oils, lubricating oils, paving asphalts and various special asphaltic products is an important part of the Company's product distribution.

Cato Oil and Grease Co. is an established manufacturer of greases and petroleum specialty products, many of which are sold under the Wanda brand name in approximately half of the states of the Union and several foreign countries.

The distribution area of Triangle Refineries, Inc. covers the midwestern and southeastern parts of the country. The basic source of products distributed is through contractual arrangements for the sale of products from approximately fourteen plants owned by others.

A large part of Triangle's transportation is effected by waterways barging. Product distribution, in addition to the utilization of several leased terminals, is through terminal facilities of Triangle or its wholly owned subsidiaries in the following cities: Atlanta, Georgia; Anniston, Birmingham, Mobile and Montgomery, Alabama; Nashville, Tennessee; Louisville, Kentucky; Niceville, Florida; St. Louis and La Grange, Missouri; and Chicago, Illinois.

Gasoline Plants

The Company presently wholly owns two modern plants (located in the Texas Panhandle) and has a half interest in one plant (located in Oklahoma) which it operates. These plants are processing a combined total daily average volume of approximately 86 million cubic feet and are

operating near 100% of capacity. Also, the Company owns a 5% interest in the large plant system located in the Golden Trend Area of Garvin and McClain Counties, Oklahoma, which is a joint operation with Oklahoma Natural Gas Company, Cities Service Oil Company, Texaco, Inc., and Warren Petroleum Corporation, the operator thereof. Gas availability is on the decline in the plant area and the system is currently operating at 35% of its rated design capacity. In addition the Company owns a small interest in four other plants, all operated by others.

The Company owns approximately 11.02% of the large Terrebonne plant complex located in South Louisiana and operated by Shell Oil Company. This plant has the capacity to handle 950 million cubic feet of green gas daily from two transcontinental gas transmission lines. The Company's share of the gas production from the offshore Ship Shoal Blocks 28 and 32 Fields is being processed in this plant which began operation March 1, 1965 and is currently operating at 92.5% of its rated capacity.

Also, a gas processing plant located in the Indian Basin Field of Eddy County, New Mexico was completed and began operation in the latter part of January, 1966. The Company has an interest of approximately 4.6% in this 120 million cubic feet per day plant operated by Marathon Oil Company. This plant is currently operating at approximately 100% of its designed capacity.

In June, 1966 the Company purchased a 50% interest in the Dubach plant complex located primarily in Lincoln and Ouachita Parishes, (North) Louisiana and processes gas and gas distillate from fields in the area. The plant is operated by Southwest Gas Producing Company. It has a 3,700 bbl/day of platformer capacity and produces approximately 11,000 bbl/day of total products consisting of LPG, motor fuels, kerosenes and residuals. This complex in 1966 operated at approximately 62% of its rated gas capacity.

Helium

The Company owns 82% of the working interest in the 5,980 acre Pinta Dome structure and owns 12% of the working interest in the 3,913 acre Navajo Springs Unit, both of which are in Apache County, Arizona. Gas from these structures is processed through a helium extraction plant located at Navajo, Arizona, in which the Company owns a 90% interest. The plant's design capacity is 2,500,000 standard cubic feet of raw gas, having an average helium content of 8% and a Grade A helium production of 200,000 standard cubic feet per day. For the year ended December 31, 1966 the plant operated at 76% of its maximum available capacity. A 60 liter per hour helium liquefier has been in operation at the plant since the early part of 1964. The Company sold its Grade A helium at the government posted price of $35.00 per MCF through December 31, 1966. Effective January 1, 1967 the Company posted a price of $28.00 per MCF for Grade A helium, F.O.B. the plant.

Contract Drilling

Contract drilling continues as one of the important activities of the Company. It is one of the major units in this industry, especially respecting deep drilling and the handling of unusual assignments both foreign and domestic, including drilling water locations in which it has pioneered many successful techniques. The Company is a major contract driller in the waters of the Gulf of Mexico. The Company's domestic drilling operations are conducted by its wholly owned subsidiary, Transworld Drilling Company (herein called Transworld) which was formed in June, 1966. A separate wholly

owned subsidiary of the Company, Transworld Drilling Company, Limited (herein called Transworld Limited) conducts drilling operations outside the United States. In addition to the Gulf of Mexico, the Company currently has drilling operations offshore of Germany, offshore of England, offshore of Nigeria, offshore of Angola and offshore of Iran.

Transworld Limited and four West German companies formed Transocean Drilling Company Limited (51% owned by Transworld Limited) to drill in the North Sea. In January of 1965, Transocean's Rig No. 1, a self-elevating mobile platform type rig, was completed and put in service for a term of drilling work offshore of Germany under contract with an eleven-company consortium. This rig is designed for work in the North Sea in water depths to 140′. In August of 1966, Transocean's Rig No. 2 was completed and put in service for a term of drilling work in the English North Sea under contract with Shell U. K. Exploration and Production Limited. Rig No. 2 is similar in design and construction to Rig No. 1 and has increased water depth operating capability up to 160′ with the new design legs.

Construction of Transworld Limited's Rig No. 58 in Holland has been completed and delivery was made in March, 1966. It is a column-stabilized, semi-submersible, mobile platform capable of drilling in water depths to 100′ as a fixed height platform and in water depths up to 600′ as a floating barge rig. This unit is contracted for a term of work offshore the Cabinda/Congo area of Angola, Southwest Africa, for Cabinda Gulf Oil Company and to the Nigerian Gulf Oil Company for a term of work offshore Nigeria, where Transworld Limited is now operating Rig No. 46 for this same company.

Transworld Limited, through a wholly owned subsidiary, Kerr-McGee Limited, has contracted Rig No. 55, with Tender No. 4, for a term of work with the Iranian Offshore Petroleum Company (IROPCO) who, with Iranian government interests, is conducting an offshore drilling program in the Persian Gulf. Kerr-McGee Iranian Oil Company, a wholly owned subsidiary of the Company, is a member of the IROPCO group. In March, 1967 IROPCO assigned the Rig No. 55 drilling contract to LAPCO (Lavan Petroleum Company, operator and agent for National Iranian Oil Company, Atlantic Refining Company, Murphy Oil Corporation, Sun Oil Company, and Union Oil of California) for further drilling in the Persian Gulf.

In the fall of 1963, Transworld Limited fulfilled all of its obligations under a contract with Yacimientos Petroliferos Fiscales (YPF), an Argentine corporation owned by the government of that country, providing for the drilling of 500 oil wells in southern Argentina. Negotiations with representatives of the Government of Argentina to obtain payment of amounts due and owing to Transworld Limited has resulted in an agreement with YPF for payment of the amount owing by the issuance of 24 promissory notes payable monthly commencing June 1, 1966, with interest at the rate of 6¼% per annum. In addition to the agreement being signed by the Company and YPF, it has also been signed by officials of the Goverment of Argentina and has been ratified by an Executive Decree of the President of Argentina. Full monthly installments of principal and interest are being paid on schedule. Transworld Limited's Argentine equipment (three drilling rigs and four completion rigs) are stacked in that country.

Twenty rotary drilling rigs (of varying capacities, up to rated depth of 20,000 feet, of which there are nine) and four completion rigs are owned and operated. These are used for the drilling

of both contract wells and wells owned in full or in part by the Company. Fourteen of these rigs are marine, or offshore units, of which ten are of the mobile platform type, and four are of the tender type which utilize a small fixed platform to support the major drilling machinery in addition to the floating mobile tender.

The newest mobile platform type unit is Transworld's Rig No. 59, a self-elevating offshore drilling device, under construction in Beaumont, Texas and upon completion will be capable of drilling in water depths up to 125′. Completion is scheduled for May, 1967. A contract has been entered into with Texaco, Inc. for a term of work in the Gulf of Mexico for this rig. A similar device, Transworld's Rig No. 50, was put in service in 1965. In addition to this new construction, the Company has modernized and makes additions to older platform units as advisable.

The land rigs are the oldest, averaging about sixteen years service. Two land rigs have been outfitted for large diameter hole drilling for the mining industry and the Company has effected major technique and machinery design advances in this field.

The offshore mobile platform rigs have an average age of approximately seven years. Since 1961, three offshore tender type rigs have been modernized. In conjunction with the Company's marine drilling units, a fleet of auxiliary marine equipment is operated. This consists of four 80-foot steel hull crew-supply boats, six material handling vessels and three 65-foot aluminum hull, 30 m.p.h. crew boats.

The following schedule reflects, as to the past five years and six months ended December 31, 1966, the utilization (percentage of continuous use) of the drilling equipment.

Geographical Location and Type of Equipment	Fiscal Year Ended								Six Months Ended		Year Ended	
	June 30, 1962		June 30, 1963		June 30, 1964		June 30, 1965		Dec. 31, 1965		Dec. 31, 1966	
	No. of rigs	Utilization	No. of rigs	Utilization	No. of rigs	Utilization	No. of rigs	Utilization	No. of rigs	Utilization	No. of rigs	Utilization
Continental United States (Including the Gulf of Mexico):												
Land	7	62%	7	51%	8	25%	4	37%	4	0%	2	0%
Marine	8	76	10	95	9	96	8	100	9	94	9	98
Foreign Countries:												
Land	9	74	6	64	4	17	4	8	4	15	4	0
Marine	—	—	—	—	1	100	3**	100	3**	100	5***	100
Total	24*	71%	23*	71%	22*	57%	19*	66%	20*	59%	20*	64%

* Does not include 4 completion rigs.

** Includes Transocean Rig No. 1.

*** Includes Transocean Rigs No. 1 and 2.

The Company entered the atomic energy industry in 1952 with the acquisition of uranium ore claims and mines in northeast Arizona. Presently, the Company's more valuable uranium ore deposits are located in two areas, the greater being in the Ambrosia Lake area near Grants, New Mexico and the other being in the Shirley Basin area of Wyoming. The Ambrosia Lake area ores are now being mined from five mines and processed in the Company's mill near Grants, New Mexico, which is the largest in the United States, with an operating capacity of 5,000 tons per day. Work will soon be started on a new mine in the Ambrosia Lake area.

The Grants mill was constructed pursuant to contract with the AEC which agreed to purchase 39,700,000 pounds of U_3O_8 (uranium oxide) in yellow cake produced from the mill during a period ending December 31, 1966. Pursuant to a so-called "stretch-out" agreement negotiated between the Company and the AEC in 1964 (and the AEC negotiated similar agreements with a number of other yellow cake suppliers) AEC purchases of yellow cake from the Grants mill were extended to January 1, 1971 and the maximum pounds of purchases were inceased from 39,700,000 pounds to 46,315,454 pounds, but at a reduced rate of purchase annually during the later years of the contract and at a reduced price during the last two years.

The following is a tabulation of information as to each of the past five years and six months ended December 31, 1966 relative to the operations of the Company's Grants, New Mexico uranium concentrate mill.

Year Ended	Ore Processed Tons	Ore Processed % U_3O_8	Pounds of U_3O_8 In Concentrate Produced (1)	Uranium Division's Cost Per Pound Produced (2)	Average Price Received Per Pound U_3O_8 in Concentrate
June 30, 1962	1,241,230	.223%	5,384,529	$5.65	$7.28
June 30, 1963	1,152,735	.229%	5,251,522	5.51	6.90
June 30, 1964	667,252	.234%	3,096,811	5.40	8.00
June 30, 1965	708,183	.238%	3,447,325	5.42	8.00
December 31, 1965*	334,130	.234%	1,686,896	5.66	8.00
December 31, 1966	757,537	.229%	3,661,315	5.03	8.00

* Includes only six months.

(1) Calculated mill recoveries are currently approximately 97.8% including recovery from mine waters. Concentrate produced includes product recovered from processing of Ambrosia Lake ores, mine waters and lignite. The ratio of U_3O_8 produced from mine waters to that produced from ore has remained fairly constant over the past few years; the ratio being roughly 1 to 137. The pounds of U_3O_8 in concentrate from lignite included in the above table amount to: June 30, 1963 — 125,461; June 30, 1964 — 262,006; June 30, 1965 — 125,407; December 31, 1965 — 142,479; and December 31, 1966 — 223,034. Lignite reserves have been mined out.

(2) Includes depreciation, depletion and amortization as follows: June 30, 1962 — $1.55, June 30, 1963 — $1.60, June 30, 1964 — $1.30, June 30, 1965 — $1.21, December 31, 1965 — $1.26, and December 31, 1966 — $0.55. Also includes exploration and other expenses including general and administrative expenses, interest, etc. but excluding income taxes as follows: June 30, 1962 — $0.38, June 30, 1963 — $0.38, June 30, 1964 — $0.58, June 30, 1965 — $0.62, December 31, 1965 — $0.82, and December 31, 1966 — $0.84.

Following is a table of uranium oxide in concentrates which the Company plans to produce and sell to the AEC and certain private companies pursuant to existing contracts:

Calendar Year	AEC Contract: Pounds U_3O_8 in Concentrate	AEC Contract: Sales Price Per Pound	Private Industry Contracts: Pounds U_3O_8 in Concentrate	Private Industry Contracts: Weighted Average Sales Price Per Pound
1967	3,069,400	$8.00		
1968	3,022,727	8.00	2,500,000	
1969	3,022,727	(1)	1,700,000	
1970	3,022,727	(1)	2,800,000	
1971			3,200,000	$6.19(2)
1972			3,600,000	
1973			1,500,000	
Total	12,137,581		15,300,000	

(1) The maximum price payable during 1969 and 1970 is $6.70 per pound. A part of the basis for the price in 1969 and 1970 will be actual costs prior to 1969. Since these costs are unknown at this time, it is impossible to state the price at which yellow cake will be sold in 1969 and 1970.

(2) The weighted average sales price is 31¢ lower for the first three years and 26¢ higher for the last three years.

As of December 31, 1966, on the basis of exploratory drilling and other work in the Ambrosia Lake area, the Company estimates it has approximately 11,500,000 tons of uranium-bearing material averaging .225% U_3O_8 content, of which approximately 6,700,000 tons could be mined using present mining shafts. The 27,437,581 pounds of U_3O_8 in concentrate for the sale of which the Company has presently contracted for delivery from 1967 through 1973 to the AEC and to private industry will require approximately 6,100,000 tons of said uranium-bearing material. The extent to which the remaining 5,400,000 tons will be mined depends upon the ability of the Company to obtain sales of its U_3O_8 in concentrate on a profitable basis.

Until recently the sole customer for U_3O_8 had been the AEC. However, commencing in 1966 a substantial commercial market for this product in various stages of refinement has developed. Between the fall of 1966 and the date hereof, the Company has contracted for sales of uranium in various forms during the period from 1968 through 1973 as shown in the above table with various public utility companies. The Company is presently negotiating with other companies with the view of obtaining additional contracts for deliveries of uranium concentrate during said years and beyond, but these negotiations have not resulted in signed contracts to date. The Federal Power Commission and the AEC have indicated their belief, in which the Company concurs, that the demands of private industry for nuclear fuel should experience marked growth in the next decade. In view of such belief, the Company is continuing and extending its exploration and development efforts in the uranium field, as well as planning expansion of existing nuclear fuel capacity, and is engaged in studies to determine the feasibility of establishing additional facilities to increase its participation in the nuclear fuel cycle.

In the Shirley Basin area, the Company's milling and yellow cake sales activities have been carried on through a 50% owned partnership, Petrotomics Company, the other partners being Tidewater Oil Company, Skelly Oil Company and Getty Oil Company, and Tidewater is the Operator of the operations carried on by Petrotomics.

The Petrotomics AEC contract (pursuant to which a mill with an operating capacity of 500 tons per day was constructed in the Shirley Basin area) covered the sale to the AEC of 3,383,820 pounds of U_3O_8 in yellow cake during the period beginning April 1, 1962 and ending December 31, 1966, at $8.00 per pound. Petrotomics did not enter into a stretch-out agreement with the AEC. Total pounds of U_3O_8 in concentrate saleable under the AEC contract were completed in October 1966. In light of the possibility of sales of yellow cake to private parties, the Petrotomics operation has been continued without interruption at a slightly lower rate since this date, and as of December 31, 1966, 191,143 pounds of U_3O_8 in yellow cake has been produced and is in inventory. Drilling to date has disclosed 1,880,000 tons of material containing an average grade of 0.34% U_3O_8 which could supply yellow cake for sales to private interests. The extent to which this tonnage will be mined depends upon the ability of the Company to obtain sales.

The following table gives certain information respecting the Petrotomics operation through December 31, 1966, as to the Company's 50% interest therein:

	Ore Processed		Pounds of U_3O_8 In Concentrate Produced	Uranium Division's Cost Per Pound Produced(1)	Average Price Received Per Pound U_3O_8 in Concentrate
	Tons	% U_3O_8			
Year Ended:					
June 30, 1962	18,640	.333%	109,008	$8.10	$8.00
June 30, 1963	83,260	.268%	435,114	4.80	8.00
June 30, 1964	81,648	.269%	423,761	5.29	8.00
June 30, 1965	72,255	.224%	323,688	6.47	8.00
December 31, 1965* ..	47,016	.219%	198,574	5.50	8.00
December 31, 1966 ...	87,673	.170%	297,354	6.27	8.00

* Includes only six months.

(1) Includes depreciation, depletion and amortization as follows: June 30, 1962—$3.37, June 30, 1963—$1.81, June 30, 1964—$2.19, June 30, 1965—$2.68, December 31, 1965—$2.26, and December 31, 1966—$2.21. Also includes exploration and other expenses including general and administrative expenses, interest, etc., but excluding income taxes as follows: June 30, 1962—$0.87, June 30, 1963—$0.36, June 30, 1964—$0.41, June 30, 1965—$0.62, December 31, 1965—$0.84, and December 31, 1966—$0.82.

Exploration in search for additional uranium deposits is being conducted at the Company's properties in the Ambrosia Lake and Shirley Basin areas and also in other areas where the Company holds uranium rights to large acreage of land.

There have been no recent changes in mining conditions on any of the Company's properties or in ore deposits being mined which have significantly affected production nor are any such changes anticipated.

The Company's Cimarron nuclear products facility has been completed at a cost of approximately \$2,250,000. This plant is located on a thousand-acre site overlooking the Cimarron River, north of Oklahoma City. The product lines previously installed at Cushing, Oklahoma have been relocated at the Cimarron Plant. This combined facility is capable of producing a variety of uranium and thorium nuclear fuel materials for government reactors and for commercial electrical generating plants. The present plant capacity, while tailored to the relatively modest market now existing for these materials, has piloted and proven production processes and methods which can be expanded and utilized for the projected market in 1969 and beyond for the complete processing of enriched UF_6 into ceramic UO_2 pellets, a form of uranium used in commercial power reactor fuels. Planning is now underway to scale-up these facilities.

Vanadium

In July, 1963 the Company completed the construction of a vanadium recovery plant at Soda Springs, Idaho. This facility processes ferro-phosphorus for the recovery of high-purity vanadium at a rated capacity in excess of 1,385,000 pounds of product per year, expressed as pounds of V_2O_5 (vanadium pentoxide) in concentrate.

The ferro-phosphorus processed is purchased from Monsanto Chemical Company which obtains it in their Soda Springs plant as a by-product in the course of producing elemental phosphorus from phosphate rock. The Company has a contract with Monsanto Chemical Company which assures an adequate supply of ferro-phosphorus at plant capacity through December 31, 1975. This does not contribute appreciably to the Company's revenue.

The following is a tabulation of information relative to the operations of the Company's Soda Springs, Idaho, Vanadium Recovery Plant:

	Ferro-phosphorus Processed		Pounds of V_2O_5 in Concentrate Produced	Average Price Received Per Pound V_2O_5 In Concentrate
	Tons	% V_2O_5		
Year Ended:				
June 30, 1964	3,080	12.49%	303,057	\$1.26
June 30, 1965	3,398	12.87	661,019	1.20
December 31, 1965*	3,027	13.12	506,752	1.21
December 31, 1966	7,404	13.12	1,383,782	1.26

* Includes only six months.

Plant Foods

General

During 1963 the Company entered the plant food business through both the purchase and lease of existing plant food facilities and the construction of dry fertilizer blending plants.

The continued expansion of the Company's plant food business by the addition (both through acquisitions and constructions) of manufacturing and marketing facilities resulted, as of December 31,

1966, in the Company having bought, leased, built or authorized the construction of twelve ammoniation and/or granulation plants, 74 blending plants and 17 other farm centers located in 29 states. In addition, the Company owns or leases a large number of distribution warehouses and nitrogen application stations. All the Company's retail plant food and farm chemical marketing operations are consolidated in its wholly-owned subsidiary, Kerr-McGee Chemical Corp.

The Company's present supply of raw material and direct sale nitrogen and phosphate is all purchased material. Requirements for all purchased material for the 1967 fertilizer year are fully protected by signed contracts. The Company is self-sufficient with respect to potash and plans to become increasingly self-sufficient with respect to phosphate, as discussed below, but will continue to purchase nitrogen products, in which it anticipates no shortage of supply.

Potash

Construction of the Kermac Potash Company mine and mill facility near Hobbs, New Mexico was completed during the last quarter of 1965. The plant produced its first product in December, 1965. Kermac Potash Company is a partnership in which Kerr-McGee is a 50% partner and has also been designated as operating manager; the other 50% partner is National Farmers Union Development Corporation. Kermac Potash Company holds leases and permits on 33,680 acres in which 90 million tons of ore averaging 17% of contained potassium oxide has been blocked out and is tributary to the mine and mill facility in the "Potash Basin Area" between Hobbs and Carlsbad, New Mexico. A refining process is employed that produces a high purity muriate of potash crystalline product. The plant has a capacity of 1,500 tons of product per day. The total cost of the mine and mill facility, including initial development, is approximately $30 million. Each partner is obligated to take its share of production in kind and approximately 70% of the Company's portion will be utilized in its plant food marketing facilities. In marketing the remaining production there will be competition with both domestic and foreign producers thereof. Producers in the area include those with both higher and lower grade ores than the Company's average grade. The plant did not reach its capacity of 6,000 tons of ore per day and recoveries were less than design during the past year. Start-up problems, principally failure of originally installed plastic piping, required replacement with metal piping. The plant did not operate at a profit in 1966.

The following is a tabulation of information relative to the potash ore processed by Kermac Potash Company.

Year Ended December 31	Tons of Ore Processed	Average K_2O Content of Ore Processed	Tons of Finished Potash Product*	Average K_2O Content of Product
1965	100,487	14.47%	9,708	61.58%
1966	1,692,678	15.49%	297,793	62.39%

* The term "potash" applies generally to the common potassium salts or compounds which contain varying amounts of potassium. The potassium content is measured chemically in units or percentages of K_2O (potassium oxide).

In the Province of Saskatchewan, Canada there are large deposits substantially richer in potassium content than those of the Company in the Hobbs-Carlsbad area. Due to difficulties encountered in sinking shafts and large capital investment required, there are at present only three Saskatchewan producers but others are engaging in activities looking to production. Should the announced production plans of others entering the Saskatchewan potash mining field materialize, the production capacity of these and the existing present producers of potash would substantially exceed the present consumption rate of potash products; however, the world market for potash fertilizer is increasing. The Company holds approximately 287,000 acres of land by lease and permit in Saskatchewan, Canada. Exploratory drilling done by the Company on approximately 47,000 acres considered the most favorable part of the property has shown the presence of three separate potash-bearing beds lying between depths of about 2,900 feet to 3,200 feet. The uppermost bed is being considered as potentially mineable on a commercial basis by the Company. The exploratory work has given basis for estimating the existence of 992,000,000 tons of potash-bearing material in this bed averaging 29% K_2O. Should mining be undertaken, maximum extraction is estimated at 35 percent of the tonnage in the mined area, which would provide approximately 160,000,000 tons of 60% K_2O product for sale. At present there is no activity at the property and no decision has been made as to whether the property should be placed in production. Further evaluation of economic factors (particularly the available potash market) will be required before such a decision can be made.

Phosphate

During the past three years the Company has carried on exploration for phosphate in several Southeast States. The Company owns in fee 3,115 acres near Lakeland, Florida on which drilling at an average density of one hole per 5.97 acres has established the existence of approximately 28,000,000 short tons of phosphate rock. Overburden on this deposit varies from 10 to 50 feet in depth, averaging about 24 feet. The ratio of overburden to matrix is 1.5 to 1 and the ratio of phosphate rock to matrix is .37 to 1. The phosphate rock has a phosphorus pentoxide content of 33% and normal mining and processing recovery would be about 75% of the ore in place. At present the Company has no plans to mine this deposit. The Company owns, in addition to the above mentioned reserves, approximately 78,000 acres of phosphate leases, options and fee lands on which phosphate has been discovered but has not been prospected sufficiently to determine to what extent, if any, such acreage contains commercially minable ore. These acres include approximately 8,740 acres owned in Georgia by Franjo, Inc., a corporation acquired by the Company in December, 1966, on which prospecting is being conducted.

Forest Products

Moss-American, Inc., a wholly-owned subsidiary, owns approximately 260,000 acres of timber land located in Arkansas, Illinois, Missouri, Kentucky, Tennessee, Alabama, Mississippi, Texas, Louisiana, Wisconsin and Pennsylvania, and operates twelve wood-treating plants in nine states. Among principal products produced by the company are cross ties, telephone and utility poles, piling, fence posts, sign posts, switch ties, tie siding, railroad grade crossing material, lumber for sale to manufacturers of oak flooring and furniture, and bridge lumber. It is one of the nation's largest producers of railroad cross ties. Its operations are centered primarily in the Eastern half of the United States.

Coal

The Company has coal rights to approximately 74,000 acres of land in eastern Oklahoma and western Arkansas. Exploratory drilling on a part of the eastern Oklahoma property has shown a large tonnage of steam coal for which the Company has no immediate development plans. On an adjoining part of the property, drilling and testing has shown the existence of approximately 85,000,000 tons of coal that is of metallurgical (coking) grade. Plans are underway for the sinking of a production and a ventilation shaft on this East Stigler Block, Haskell County, Oklahoma. Work is scheduled to commence in July, 1967 with completion to be approximately early 1969. The mine operation will be designed to produce a million tons of coal annually at full production. The Company has also scheduled the construction of approximately 50 non-recovery sole-heated ovens, the completion of these ovens to coincide with the above-mentioned shafts. Coke produced from the ovens will be used for blast furnace testing. If testing is successful, the Company plans to complete construction of additional coke ovens and coal preparation facilities to convert 600,000 tons of coal to 420,000 tons of coke annually. These facilities will be located in the Arkansas River Basin and will have access to low-cost water transportation upon the completion of the navigation project on the Arkansas River scheduled for 1970.

General

Research

The Company's research activities are conducted in its Research Center located on a tract of 160 acres in the northwest part of Oklahoma City. The Research Center covers approximately 50,000 square feet of floor space and contains metallurgical, biochemical, electronic, physical, analytical and other research facilities. There is also a complete pilot plant area located within the main building which is adaptable for such use respecting various aspects of the Company's projects. The Company's research program is directed primarily to developing new or improved processes and products to commercialize the natural resources developed by the Company's exploration programs and secondarily to improving processes and products of existing company facilities.

Summary of Consolidated Capital Expenditures

Consolidated capital expenditures during the five years and six months ended December 31, 1966, are summarized by years and major classifications as follows:

	June 30, 1962	June 30, 1963	June 30, 1964	June 30, 1965	Six months ended December 31, 1965	December 31, 1966	Total
Oil and gas production	$10,089,312	$ 5,015,544	$ 9,327,494	$15,121,071	$ 6,877,388	$18,565,045	$ 64,995,854
Drilling	3,155,503	8,047,854	6,412,343	8,717,889	7,063,134	7,321,259	40,717,982
Marketing, pipeline and refining	6,057,146	13,429,913	8,279,274	5,496,531	3,597,440	7,815,695	44,675,999
Plant food	13,879	2,773,785	19,017,601	16,654,994	7,856,480	13,921,754	60,238,493
Minerals	4,454,592	3,426,834	2,044,730	1,893,363	960,620	2,684,534	15,464,673
Other	6,530,090	5,673,006	4,199,704	6,450,510	2,322,464	5,163,092	30,338,866
	$30,300,522	$38,366,936	$49,281,146	$54,334,358	$28,677,526	$55,471,379	$256,431,867

Summary of Consolidated Fixed Assets

The following table summarizes the property accounts for the five years and six months ended December 31, 1966:

	Balance July 1, 1961	Additions	Retirements, Sales Transfers, etc.	Balance December 31, 1966
Oil and gas production	$ 65,713,624	$ 64,995,854	$14,117,317	$116,592,161
Drilling	28,748,111	40,717,982	12,761,916	56,704,177
Marketing, pipeline and refining	45,506,721	44,675,999	30,138,856	60,043,864
Plant food	—	60,238,493	4,290,895	55,947,598
Minerals	58,482,182	15,464,673	15,807,989	58,138,866
Other	3,478,157	30,338,866	2,921,758	30,895,265
	$201,928,795	$256,431,867	$80,038,731	$378,321,931
Reserve for depreciation, depletion, and amortization	77,560,420			165,971,031
Net Book Value	$124,368,375			$212,350,900

Employee Relations

The Company and its subsidiaries had approximately 7,480 employees at December 31, 1966. Groups in the Company covered by contract with a labor union are 567 at Grants, New Mexico, 157 at the Cushing Refinery, 173 at the Wynnewood Refinery, and 59 in the Pipeline Department servicing the Cushing and Wynnewood refineries. Groups in the subsidiaries covered by contract with a labor union are 435 at Moss-American, Inc. and 468 at Kerr-McGee Chemical Corp. The wage and salary scales of the Company are believed to be about the same as the patterns thereof in the various areas in which it operates; it makes available to its employees and to those of most of its subsidiaries a variety of employees group insurance, pension and thrift and savings plans that it considers compare favorably with such fringe benefits in industry generally; and relations between the Company and its employees have been quite satisfactory.

Competition

In various of the above sections describing aspects of the Company's operations some mention is made of the marketing and competitive aspects thereof. Generally, all of the Company's divisions operate in highly competitive fields.

Miscellaneous

Representations in this Prospectus as to properties owned, held or controlled by the Company itself or by its subsidiaries are based on the records of the several corporations, and no examination of titles has been made for the purposes of this Prospectus. In addition to such specific comment as may be made elsewhere in this Prospectus as to titles, it is deemed that although titles respecting some of such properties are or may be questionable or subject to defects or encumbrances (in some instances deliberately accepted), so far as is known to the Company such title defects are not of material significance to the total enterprise represented by all the properties and operations of the Company and its subsidiaries.

The industry is subject to both state and federal specific legislation and administrative regulation which to a considerable extent regulate and control its activities. The Company cannot forecast accurately with respect to economic, business, and international conditions generally nor with respect

to such matters, among other things, as government policies, controls and restrictions, price changes, control and proration of strategic or necessary materials and supplies or of the production or refining of crude oil and distillate, demand for gas and petroleum and other energy products and sources, transportation regulations, material and labor costs, labor conditions, taxation, tariff, embargoes and the development of new techniques that may affect its operations. The Company makes no representations or forecasts with respect to risks inherent in or incidental to any and all of its exploration, drilling, producing, refining, natural gasoline and helium plants, and ore mining, milling and concentrating operations, among which is possible liability to others in the event of damage to underground reservoirs, not all of which are covered by insurance.

LITIGATION

On October 4, 1965, the Attorney General of the State of Oklahoma instituted a civil action in the United States District Court for the Western District of Oklahoma, and a civil action in the District Court of Oklahoma County, Oklahoma, against the Company and a number of other asphalt producers and distributors, seeking to recover damages for alleged violations of the Sherman Antitrust Act and the Oklahoma Antitrust Act.

On December 6, 1966, the Attorney General of the State of Iowa instituted a civil action in the United States District Court for the Southern District of Iowa, Central Division, on behalf of the State of Iowa, Iowa State Highway Commission, and every other Political Subdivision of the State of Iowa, as Plaintiffs, against the Company, and other asphalt producers and distributors, seeking to recover damages in an undisclosed amount for alleged violations of the Sherman Antitrust Act and for injunctive relief.

Notwithstanding that in the Oklahoma cases the Attorney General seeks to recover substantial sums, and in the Iowa case the amount of damages sought is not set out, the Company does not consider its liability in these actions will be in an amount that will have have a materially adverse effect upon its business.

Ralph E. Clark and others comprising a group of royalty owners in Section 22, Township 14 North, Range 10 West, McKinley County, New Mexico, on April 22, 1966, instituted an action in the United States District Court for the District of New Mexico, against the Company, seeking to recover additional royalties on the uranium bearing ores produced from Section 22. While there may be some liability on the part of the Company to pay additional royalties, it is not felt it will be in an amount that will have any material adverse effect on its business.

The Company produces and sells substantial volumes of natural gas subject to the jurisdiction of the Federal Power Commission, the greater portion of which production is involved in area rate proceedings for South Louisiana, Docket AR61-2, and for Hugoton-Anadarko, Docket AR64-1. There is a contingent liability on the part of the Company for refunds in each of these area rate proceedings, the amount of which cannot be determined at this time. However, it is deemed that the maximum amount of such liability will not have a materially adverse effect upon the over-all operations of the Company.

Other than the cases hereinbefore described, the Company is free of pending or threatened litigation, except such as is normally incident to the various activities in which it engages, none of which is deemed significant in relation to its over-all operations.

DESCRIPTION OF DEBENTURES

The Debentures are to be issued under an Indenture to be dated as of May 1, 1967, between the Company and Morgan Guaranty Trust Company of New York, Trustee. They will bear interest from June 5, 1967 at the rate shown in their title, payable on November 1 and May 1 in each year to holders of record at the close of business on the 15th day of the month preceding the interest payment date, and will be due on May 1, 1992. Debentures may be presented for payment of principal, transfers and conversions at the office of the Trustee in New York City. The Debentures will not be secured by any lien.

The following statements under this caption relating to the Debentures and the related Indenture are summaries and do not purport to be complete. Such summaries make use of terms defined in the Indenture and are qualified in their entirety by express reference to the Indenture and the cited provisions thereof, a copy of which is filed as an exhibit to the Registration Statement.

The aggregate principal amount of Debentures issuable under the Indenture is limited to $95,206,200, except that additional Debentures may be issued in substitution for lost, stolen or destroyed debentures. (Section 2.07)

The Debentures are to be issued as registered debentures without coupons in denominations of $100, $500, $1,000 or any multiple of $1,000. (Section 2.03)

Redemption Provisions

The Debentures are to be redeemable at the option of the Company, at any time as a whole or from time to time in part, on not less than thirty nor more than sixty days' prior notice, unless at the time of mailing of such notice the Company shall be in default with respect to any Senior Indebtedness (as defined) or an Event of Default (as defined) has occurred, at the following prices (expressed in percentages of the principal amount), together with interest accrued to the redemption date, during the twelve months' period beginning May 1 of the years indicated below Article Four):

1967	103.750%	1980	101.250%
1968	103.500%	1981	101.125%
1969	103.375%	1982	100.875%
1970	103.125%	1983	100.750%
1971	103.000%	1984	100.500%
1972	102.750%	1985	100.375%
1973	102.625%	1986	100.125%
1974	102.375%	1987	100.000%
1975	102.250%	1988	100.000%
1976	102.000%	1989	100.000%
1977	101.875%	1990	100.000%
1978	101.625%	1991	100.000%
1979	101.500%		

The Debentures are to be redeemable on similar notice through the operation of the Sinking Fund described below at the principal amount thereof, together with interest accrued to the redemption date. (Section 4.04)

Sinking Fund

The Indenture will require the Company to provide for the retirement by redemption of $4,000,000 principal amount of the Debentures on May 1 in each of the years 1978 to and including 1991 through the operation of the Sinking Fund. The Company may also, at its option, provide for the retirement of up to $4,000,000 principal amount of the Debentures through the operation of the Sinking Fund on May 1 in each of the years 1973 to 1991, inclusive, such optional right being noncumulative. The Company may, at its option, receive credit against Sinking Fund payments for the principal amount of (a) Debentures acquired (otherwise than by redemption) by the Company and surrendered for cancellation, (b) Debentures redeemed or called for redemption (otherwise than through the operation of the Sinking Fund) and (c) Debentures converted into Common Stock of the Company. The Company may reduce the amount of the payment for the Sinking Fund in any year by an amount equal to the aggregate principal amount of any Debentures called or designated for redemption through operation of the Sinking Fund and converted into Common Stock of the Company after such call or designation. Cash not required for the payment of Debentures called for redemption or purchased through operation of the Sinking Fund shall be applied by the Trustee from time to time to the redemption or purchase of Debentures for the Sinking Fund. (Article Four)

Conversion Provisions

The holder of any Debenture will have the right, at his option, at any time to convert the principal of such Debenture into Common Stock at the conversion price set forth on the cover of this Prospectus, except that such privilege shall terminate at the close of business on the fifteenth day prior to any redemption date as to Debentures called for redemption on such date. The conversion price is subject to adjustment in certain cases, including, generally, the issuance of Common Stock for cash at a price below the conversion price then in effect or subdivisions or combinations of outstanding Common Stock or dividends paid by the Company in Common Stock; except that no adjustment is required to be made in connection with the issuance of (a) shares of Common Stock pursuant to options or stock purchase plans granted to officers or employees of the Company or of a Subsidiary (as defined), (b) the Company's outstanding Common Stock purchase warrants expiring June 30, 1967 and January 4, 1980, or (c) shares of Common Stock, or shares of stock or obligations convertible into or exchangeable for shares of Common Stock (including any subsequent issuance of shares of Common Stock upon conversion of or in exchange for such shares or obligations), for a consideration which does not consist solely of cash. Subject to certain modifications, the conversion price is adjusted only when it shall exceed the current quotient (as defined) by as much as $1 (subject to certain adjustments). When Debentures are converted after a record date for interest payment and before the interest payment date, the amount of such interest must accompany the Debentures surrendered. No adjustments in respect of interest or dividends will be made upon the conversion of the Debentures. No fractional shares will be issued but an adjustment in cash will be made based on the market price of the Common Stock on the date of conversion. (Article Five)

Subordination of Debentures

The payment of the principal of (and premium, if any) and interest on the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter incurred. Senior Indebtedness is defined as the principal of and interest on (a) indebtedness (other than the Debentures) of the Company for money borrowed from or guaranteed to persons, firms or corporations which engage in lending money, evidenced by notes or similar obligations, including, but without limitation thereto, the indebtedness of the Company evidenced by (i) its 5% Notes due December 1, 1985, and (ii) its 4¾% Notes due June 1, 1970, and (b) indebtedness of the Company evidenced by notes or debentures (other than the Debentures) issued under the provisions of an indenture or similar instrument between the Company and a bank or trust company, including, without limitation, its 5¼% Sinking Fund Debentures, due June 1, 1977, or (c) indebtedness evidenced by a note or similar instrument incurred, assumed or guaranteed by the Company in connection with the acquisition by it or a Subsidiary of any other businesses, properties or assets; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness is not superior in right of payment to the Debentures. (Section 1.01 and Article Three)

By reason of such subordination, in the event of insolvency, creditors of the Company who are not holders of Senior Indebtedness or of the Debentures may recover less, ratably, than holders of Senior Indebtedness and may recover more, ratably, than the holders of the Debentures.

Restrictions as to Dividends and Certain Other Payments

The Indenture will prohibit the payment of dividends on any shares of any class of the capital stock of the Company, except dividends payable in capital stock of the Company, or the purchase, redemption or other acquisition or retirement for value of any such stock by the Company, or the purchase or other acquisition for value of any such stock by a Subsidiary, or the setting apart by the Company of any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or making any other distribution, by reduction of capital or otherwise, in respect of, any shares of any class of capital stock of the Company, unless, upon giving effect thereto, the sum of (a) the amounts declared as dividends (other than dividends paid or payable in capital stock of the Company) on all shares of stock of all classes of the Company or distributed in respect of such shares of stock subsequent to December 31, 1966, and (b) the amounts applied to, or set apart for, the purchase, redemption or retirement of shares of stock of all classes of the Company subsequent to December 31, 1966, will not be in excess of the sum of (1) $32,000,000, (2) the consolidated net income of the Company and its subsidiaries accrued subsequent to December 31, 1966 (determined after deduction of losses for any years subsequent to December 31, 1966), and (3) the total of the amounts received as the net cash proceeds from sales of shares of stock of all classes of the Company sold subsequent to December 31, 1966 and from the sale and issuance of all indebtedness (including the Debentures) of the Company convertible into its capital stock sold subsequent to December 31, 1966 to the extent that such indebtedness has been converted into capital stock of the Company prior to the date as of which the determination of such net proceeds is being made. The Indenture does not restrict (i) the payment of any dividend within 90 days after the date of declaration thereof, if at said date the declaration complied with the provisions of the Indenture, or (ii) the

retirement of stock of any class in exchange for, or out of the proceeds of the substantially concurrent sale of, other shares of the Company's stock or the retirement of stock (other than Common Stock) by exchange for, or out of the proceeds of the substantially concurrent sale of, indebtedness subordinated to the Debentures to the same extent that the Debentures are subordinated to Senior Indebtedness. (Sections 6.08, 1.01)

The Trustee

The Indenture will contain certain limitations on the right of the Trustee, as a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. (Section 9.13)

The holders of a majority in principal amount of all outstanding Debentures shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee. (Section 8.06) The Indenture will provide that in case an Event of Default shall occur (which shall not have been cured) the Trustee will be required to use the degree of care of a prudent man in the conduct of his own affairs. (Section 9.01) Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the debentureholders, unless they shall have offered to the Trustee reasonable security or indemnity. (Section 9.02)

Events of Default and Notice Thereof

The following events will be defined in the Indenture as events of default: failure to pay (whether or not prohibited by the subordination provision) interest for thirty days or principal (including any sinking fund instalment) when due; failure to perform in any material respect any other covenants within sixty days after notice; and certain events of bankruptcy, insolvency or reorganization. (Section 8.01)

The Indenture will provide that the Trustee shall, within ninety days after the occurrence of a default, give to the debentureholders notice of all uncured or unwaived defaults known to it; provided, that, except in the case of default in the payment of principal (or premium, if any) or interest on any of the Debentures or the payment of any sinking fund instalment, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the debentureholders. (Section 8.07)

The Indenture will include a covenant that the Company will file annually with the Trustee a statement regarding compliance with the terms of the Indenture and specifying any defaults of which the signers may have knowledge. (Sections 6.10 and 1.01)

Modification of the Indenture

The Indenture, the rights and obligations of the Company and the rights of debentureholders may be modified by the Company and the Trustee only with the consent of the holders of not less than 66⅔% in principal amount of the Debentures then outstanding; but no modification of the terms of

payment of principal (or premium, if any) or interest and no modification impairing conversion rights or reducing the percentage required for modification will be effective against any debentureholder without his consent. (Section 12.02)

Certificates and Opinions to be Furnished to Trustee

The Indenture will provide that, in addition to such other certificates or opinions as may be specifically required by other provisions of the Indenture, every application by the Company for action by the Trustee shall be accompanied by a certificate of certain officers of the Company and an opinion of counsel (who may be counsel for the Company) stating that, in the opinion of the signers, all conditions precedent to such action have been complied with. (Section 16.04)

DESCRIPTION OF COMMON STOCK

General

The Company has only one class of capital stock authorized and outstanding, its Common Stock, par value $1 per share, which has exclusive voting rights. The holders of Common Stock are entitled to receive such dividends as are declared by the Board of Directors out of any funds of the Company legally available therefor. Under certain of its loan agreements the Company is subject to restrictions on the payment of dividends, the most restrictive of which will be contained in the Indenture. Under the Indenture, $32,000,000 of the Company's retained earnings at December 31, 1966 would not have been subject to such restriction. See "Description of Debentures."

Stockholders are entitled to share pro rata in the distributable assets of the Company in the event of any liquidation, dissolution or winding up of the Company. No stockholder has any preemption or subscription right respecting any security that may be issued by the Company and holders of Common Stock have no conversion rights, and no redemption or sinking fund provisions pertain thereto.

The Common Stock outstanding is, and the Common Stock issuable upon conversion of the Debentures as herein provided for, will be fully paid and non-assessable by the Company.

Voting Rights and Non-Cumulative Voting

Each holder of Common Stock is entitled to one vote per share on all matters submitted to stockholders. These shares have non-cumulative voting rights which means that the holders of more than 50% of the shares voting for the election of directors can elect 100% of the directors if they choose to do so, and in such event, the holders of the remaining less than 50% of the shares voting for the election of directors will not be able to elect any person or persons to the Board of Directors.

Miscellaneous

First National City Bank (New York) and American National Bank and Trust Company of Chicago, and The Chase Manhattan Bank (National Association) and The First National Bank of Chicago are the Transfer Agents and Registrars, respectively, of the Common Stock.

MANAGEMENT

The directors and officers of the Company are:

Name	Office
D. A. McGee*	Chairman of the Board of Directors and President
F. C. Love*	Director and Executive Vice President
J. B. Saunders*	Director and Executive Vice President
T. M. Kerr	Director and Vice President
A. T. F. Seale	Director and Vice President
Edwin L. Kennedy	Director
Breene M. Kerr	Director
Robert S. Kerr, Jr.	Director
Guy C. Kiddoo*	Director
Frederick W. Straus*	Director
Dean Terrill	Director
Grady D. Harris, Jr.	Director
L. A. Woodward	Financial Vice President
H. H. Raborn	General Vice President
Lynn Adams	Vice President, General Counsel and Secretary

Name	Office
M. F. Bolton	Vice President
E. C. Borrego	Vice President
R. M. Chesney	Vice President
G. H. Cobb	Vice President
J. C. Finley	Vice President
G. C. Hardin, Jr.	Vice President
J. J. Kelly	Vice President
G. B. Kitchel	Vice President
R. M. Knox	Vice President
V. L. Mattson	Vice President
G. B. Parks	Vice President
J. W. Roach	Vice President
D. A. Watkins	Treasurer and Assistant Secretary
P. A. Puttroff	Controller
S. B. Robinson	Assistant Secretary and Assistant Treasurer
R. D. Robins	Assistant Secretary and Assistant Treasurer
Carter G. Dudley	Assistant Secretary
W. E. Heimann	General Attorney and Assistant Secretary

* Executive Committee.

All of the executive officers have been officers of the Company for more than five years.

No person is known to own of record or beneficially more than 10% of the Common Stock of the Company. Total stock ownership of all directors and officers as a group was as follows at December 31, 1966:

	Title of Class	Type of Ownership	Shares Owned	Percent of Class
All directors and officers as a group	Common Stock	Record and Beneficial	614,098(1)	9.23

(1) Does not include the following:

(i) 25,000 shares held in trust, of which Breene M. Kerr is a co-trustee and from which he and his wife will receive all income during their life; 17,063 shares held in trust for the benefit of their children, of which he is a co-trustee; 1,500 shares held in trust for the benefit of the mother of his wife and one of their children, of which he is co-trustee; 1,200 shares held in trust of which he is a co-trustee and one of four donors the corpus of which reverts to donors on the death of the beneficiary;

(ii) 25,000 shares held in trust, of which Robert S. Kerr, Jr. is a co-trustee and from which he and his wife will receive all income during their life; 15,275 shares held in trust for the benefit of their children, of which he is a co-trustee; 900 shares held in trust for the benefit of the mother of his wife, of which he is a co-trustee; 1,200 shares held in trust of which he is a co-trustee and one of four donors the corpus of which reverts to donors on the death of the beneficiary; and

(iii) shares held by the Executors of the Estates of Robert S. Kerr, deceased, and Grayce B. Flynn, deceased, in which estates Breene M. Kerr and Robert S. Kerr, Jr. are legatees.

Remuneration of Officers and Directors

Information with respect to direct remuneration paid by the Company and its subsidiaries during the calendar year ended December 31, 1966, (i) to each of the three highest paid officers and in excess of $30,000 to each director and (ii) to all directors and officers as a group; and respecting certain of such persons pursuant to existing pension plans, the estimated annual benefits thereto upon retirement; and certain other related information, is given below:

Name or Identity	Capacities in which Remuneration Received	Aggregate Direct Remuneration Calendar Year Ended 12/31/66	Estimated Annual Benefits Upon Retirement
D. A. McGee	Chairman of Board of Directors and President	$ 152,300	$69,097
F. C. Love	Executive Vice President and Director	92,300	31,827
J. B. Saunders	Executive Vice President and Director	77,300	17,102
A. T. F. Seale	Vice President and Director	54,383	18,344
T. M. Kerr	Vice President and Director	48,236	23,339
All Officers and Directors as a Group—(being a total of 36, including the above named)		1,171,807*	

* Does not include fees and commissions paid to certain firms of which Messrs. Edwin L. Kennedy and Robert S. Kerr, Jr. are members, which are described below.

Salaried employees, including employees who are officers and directors, may participate in the Savings Plan initiated by the Company May 1, 1957, and amended January 1, 1964. Each participant contributes a minimum of 3% of his compensation and may, based on his length of service with the Company, increase his contribution up to 6% of his compensation which is matched with an equal amount by the Company. All contributions are paid to a Trustee for investment in shares of Common Stock of the Company. As of December 31, 1966, the aggregate amounts of the Company's contributions to the Trustee of the Savings Plan for the benefit of the following named individuals and group during the total years of their participation is given below:

Name or Identity	Aggregate Company Contributions to Savings Plan As of 12/31/66
D. A. McGee	$ 51,872
F. C. Love	27,103
J. B. Saunders	19,098
A. T. F. Seale	15,209
T. M. Kerr	17,338
All Officers and Directors as a Group	290,479

For the year ended December 31, 1966, the firm of Kerr, Davis, Irvine, Burbage & Hentz, of which Robert S. Kerr, Jr. is a partner, received fees of $160,500 for legal services rendered to the Company and its subsidiaries. The amount received by the same firm during the Company's fiscal years ended June 30, 1964 and June 30, 1965 and for the six months period ended December 31, 1965 for similar services was $154,000, $159,000 and $78,750 respectively. During 1966 the Company paid Lehman Brothers, of which Edwin L. Kennedy, a director of the Company, is a partner, aggregate commissions of $42,623.36.

Holders of Securities Options

The essential terms and conditions pertaining to options granted under the 1956 Plan and those that may be granted under the 1963 Plan are that, when granted they are to be in conformity with the provisions of the Internal Revenue Code which determine whether an option is a restricted or qualified stock option within the purview of the Code. And the gist of the substantive provisions in this respect pertain to the option price at the option granting date with relation to the market price of the optioned shares at that date, and the purchase and holding periods. Pursuant to the 1954 Code provisions before the 1964 amendment thereof, the option price could be 95% of the market price at the date of granting the option, and 1956 Plan options were granted on that basis, whereas options that may be granted under the 1963 Plan will provide an option price of 100% of the market price at the date of granting the option, which is in accordance with the 1964 amendment of this Code provision.

The 1956 Plan options may be exercised only after three years from their granting dates but all purchases must be effected (or the purchase rights expire) within eight years after date of the option. All options pursuant to this Plan were granted prior to January 1, 1964 and are "restricted stock options" as defined in Section 424 of the Internal Revenue Code of 1954 as amended by the Revenue Act of 1964.

Options that may be granted pursuant to the 1963 Plan may vary (as fixed by the Committee which determines the granting of options pursuant to the 1963 Plan), consistent with the Code limitations, as to the maximum period within which they are exercisable, which is five years from the option granting date pursuant to the Code as amended in 1964.

Other terms and provisions of options under the 1956 Plan and those that may be granted under the 1963 Plan are consistent with those customary in restricted stock options, being, principally, usual dilution provisions and those pertaining to termination of employment or death of the optionee.

At April 30, 1967, 3,028 shares of the Company's Common Stock were subject to purchase pursuant to outstanding 1956 Plan options. Such of these shares that cease to be subject to such purchase can be comprehended by 1963 Plan options and 100,000 shares not, prior to authorization of the 1963 Plan, subject to any option to purchase can be comprehended by 1963 Plan options. Certain data as to outstanding options are reflected in the following table.

As of April 30, 1967

Title and Amount of Securities Called For By Outstanding Options		Average of the Options' Purchase Prices and Range of Expiration Dates Thereof		*Per Share Market Value of the Shares Subject to Such Options
Title	Amount	Average Option Price	Range of Dates	
Under the 1956 Stock Option Policy				
Common Stock, $1.00 Par Value	3,028 shares	$35.30	From 5–22–70 To 12–30–71	$116.125
Under the 1963 Stock Option Policy				
Common Stock, $1.00 Par Value	60,240 shares	$63.24	From 3–31–69 To 4–3–72	116.125

Included in the options comprehended by the above table are (a) options held by persons who are directors or among the three highest paid officers of the Company and (b) options held by all directors and officers as a group, as follows:

Name of Group	Number of Shares	Average Per Share Purchase Price	Expiration Date	*Per Share Market Value
(a)				
A. T. F. Seale(1)	2,400	$35.25	3–31–69	$116.125
(b)				
Directors & Officers Group	16,300	50.23	From 3–31–69 To 3–13–72	116.125

(1) A director.
* Closing price on the New York Stock Exchange.

UNDERWRITING

In the Underwriting Agreement, the Underwriters, represented by Lehman Brothers and Dempsey-Tegeler & Co., Inc., have agreed severally, subject to the terms and conditions therein set forth, to purchase from the Company all of the Unsubscribed Debentures at the Subscription Price set forth on the cover page of this Prospectus plus accrued interest.

The Company has agreed to pay the Underwriters 1⅛% of the entire principal amount of Debentures offered to stockholders hereby, plus an additional ¾ of 1% of the principal amount of Unsubscribed Debentures if such principal amount shall exceed 10% of the principal amount of the Debentures. For the purpose of determining such additional commission, if any, Unsubscribed Debentures include Debentures acquired by the Underwriters through the purchase and exercise of Rights. The minimum underwriting discounts and commissions and maximum proceeds to the Company shown on the cover of this Prospectus are based on the assumption that all of the Debentures offered hereby will be subscribed for by others than the Underwriters, and the maximum underwriting discounts and

commissions and minimum proceeds to the Company are based on the assumption that none of such Debentures will be so subscribed for.

The Underwriters have agreed to pay to the Company 50% of the excess over the Subscription Price with respect to certain sales by the Underwriters of Debentures, after deducting costs and expenses, as more fully provided in the Underwriting Agreement.

The Representatives of the Underwriters have advised the Company that sales to certain dealers may be made at concessions of not in excess of 1% of the principal amount thereof and that Underwriters may allow and such dealers may re-allow a concession not in excess of ¼ of 1% of the principal amount thereof to other dealers.

The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

The names and addresses of the several Underwriters and the respective percentages of the Unsubscribed Debentures to be purchased by each of them are as follows:

Name	Address	Percentage to be Purchased
Lehman Brothers	One William Street, New York, N. Y. 10004	12.1%
Dempsey-Tegeler & Co., Inc.	110 Wall Street, New York, N. Y. 10005	12.1
Allen & Company Incorporated	30 Broad Street, New York, N. Y. 10004	0.8
Bacon, Whipple & Co.	135 South La Salle Street, Chicago, Ill. 60603	0.5
Baer Securities Corporation	67 Wall Street, New York, N. Y. 10005	0.1
Ball, Burge & Kraus	1414 Union Commerce Building, Cleveland, Ohio 44115	0.5
J. Barth & Co.	404 Montgomery Street, San Francisco, Calif. 94104	0.5
Bateman Eichler, Hill Richards Incorporated	460 South Spring Street, Los Angeles, Calif. 90013	0.5
Bear, Stearns & Co.	1 Wall Street, New York, N. Y. 10005	1.5
A. G. Becker & Co. Incorporated	120 South La Salle Street, Chicago, Ill. 60603	1.5
M. H. Bishop & Co., Inc.	657 Northwestern Bank Building, Minneapolis, Minn. 55402	0.1
Blair & Co., Inc.	20 Broad Street, New York, N. Y. 10005	0.8
William Blair & Company	135 South La Salle Street, Chicago, Ill. 60603	0.5
Blyth & Co., Inc.	14 Wall Street, New York, N. Y. 10005	1.5
Boettcher and Company	828 — 17th Street, Denver, Colo. 80202	0.4
Bosworth, Sullivan & Company, Inc.	660 Seventeenth Street, Denver, Colo. 80202	0.4
J. C. Bradford & Co.	414 Union Street, Nashville, Tenn. 37219	0.8
Alex. Brown & Sons	135 East Baltimore Street, Baltimore, Md. 21202	0.8
Brown, Lisle & Marshall, Incorporated	201 Turks Head Building, Providence, R. I. 02903	0.2
Brush, Slocumb & Co. Inc.	465 California Street, San Francisco, Calif. 94104	0.4
Burnham and Company	60 Broad Street, New York, N. Y. 10004	0.5
The Chicago Corporation	208 South La Salle Street, Chicago, Ill. 60604	0.4
B. C. Christopher & Co.	4800 Main Street, Kansas City, Mo. 64112	0.1
Clark, Dodge & Co. Incorporated	61 Wall Street, New York, N. Y. 10005	0.8
Courts & Co.	11 Marietta Street N.W., Atlanta, Ga. 30303	0.5
Crowell, Weedon & Co.	629 South Spring Street, Los Angeles, Calif. 90014	0.4
Dain, Kalman & Co., Inc.	110 South Sixth Street, Minneapolis, Minn. 55402	0.5
Dittmar & Company, Inc.	201 North St. Mary's Street, San Antonio, Tex. 78206	0.2
Dixon Bretscher Noonan Inc.	509 First National Bank Building, Springfield, Ill. 62701	0.1

Name	Address	Percentage to be Purchased
Dominick & Dominick, Incorporated	14 Wall Street, New York, N. Y. 10005	0.8
Drexel Harriman Ripley, Incorporated	60 Broad Street, New York, N. Y. 10004	1.5
Eastman Dillon, Union Securities & Co.	One Chase Manhattan Plaza, New York, N. Y. 10005	1.5
F. Eberstadt & Co.	65 Broadway, New York, N. Y. 10006	0.8
A. G. Edwards & Sons	409 North Eighth Street, St. Louis, Mo. 63101	0.4
R. J. Edwards, Inc.	2205 Liberty Bank Building, Oklahoma City, Okla. 73102	0.1
Ellis, Holyoke & Co.	144 North 13th Street, Lincoln, Neb. 68508	0.1
Emanuel, Deetjen & Co.	120 Broadway, New York, N. Y. 10005	0.4
The First Boston Corporation	20 Exchange Place, New York, N. Y. 10005	1.5
First California Company Incorporated	300 Montgomery Street, San Francisco, Calif. 94104	0.4
First of Michigan Corporation	Two Wall Street, New York, N. Y. 10005	0.5
First Securities Company of Chicago	134 South La Salle Street Chicago, Ill. 60603	0.1
First Southwest Company	Mercantile Bank Building, Dallas, Tex. 75201	0.4
Robert Garrett & Sons, Inc.	South and Redwood Streets, Baltimore, Md. 21203	0.4
Glore Forgan, Wm. R. Staats Inc.	45 Wall Street, New York, N. Y. 10005	1.5
Goldman, Sachs & Co.	20 Broad Street, New York, N. Y. 10005	1.5
Goodbody & Co.	2 Broadway, New York, N. Y. 10004	0.8
Gregory & Sons	40 Wall Street, New York, N. Y. 10005	0.4
Hallgarten & Co.	44 Wall Street, New York, N. Y. 10005	0.8
Wm. P. Harper & Son & Co., Inc.	1504 Third Avenue, Seattle, Wash. 98101	0.1
Hayden, Stone Incorporated	25 Broad Street, New York, N. Y. 10004	0.8
H. Hentz & Co.	72 Wall Street, New York, N. Y. 10005	0.5
Hirsch & Co., Incorporated	25 Broad Street, New York, N. Y. 10004	0.5
Hornblower & Weeks-Hemphill, Noyes	8 Hanover Street, New York, N. Y. 10004	1.5
Howard, Weil, Labouisse, Friedrichs and Company	211 Carondelet Street, New Orleans, La. 70130	0.2
E. F. Hutton & Company Inc.	One Chase Manhattan Plaza, New York, N. Y. 10005	0.8
W. E. Hutton & Co.	14 Wall Street, New York, N. Y. 10005	0.8
Johnston, Lemon & Co.	Southern Building, Washington, D. C. 20005	0.5
Edward D. Jones & Co.	101 North 4th Street, St. Louis, Mo. 63102	0.2
Joseph, Mellen & Miller, Inc.	1400 East Ohio Building, Cleveland, Ohio 44114	0.2
John H. Kaplan & Co.	120 Broalway, New York, N. Y. 10005	0.2
Kidder, Peabody & Co. Incorporated	20 Exchange Place, New York, N. Y. 10005	1.5
Kuhn, Loeb & Co.	40 Wall Street, New York, N. Y. 10005	1.5
Ladenburg, Thalmann & Co.	25 Broad Street, New York, N. Y. 10004	0.8
Laird, Bissell & Meeds, Inc.	120 Broadway, New York, N. Y. 10005	0.5
W. C. Langley & Co.	115 Broadway, New York, N. Y. 10006	0.8
Lazard Frères & Co.	44 Wall Street, New York, N. Y. 10005	1.5
Lester, Ryons & Co.	623 South Hope Street, Los Angeles, Calif. 90017	0.4
Loeb, Rhoades & Co.	42 Wall Street, New York, N. Y. 10005	1.5
Loewi & Co. Incorporated	225 East Mason Street, Milwaukee, Wis. 53202	0.4
Irving Lundborg & Co.	310 Sansome Street, San Francisco, Calif. 94104	0.4
McCormick & Co., Incorporated	135 South La Salle Street, Chicago, Ill. 60603	0.2
Merrill Lynch, Pierce, Fenner & Smith Incorporated	70 Pine Street, New York, N. Y. 10005	1.5
Mid-Continent Securities Co., Inc.	320 Central Building, Wichita, Kan. 67202	0.2
The Milwaukee Company	207 East Michigan Street, Milwaukee, Wis. 53202	0.2
Moroney, Beissner & Co., Inc.	1300 Bank of the Southwest Building, Houston, Tex. 77002	0.2
F. S. Moseley & Co.	60 Broad Street, New York, N. Y. 10004	0.8

Name	Address	Percentage to be Purchased
Mullaney, Wells & Company	135 South La Salle Street, Chicago, Ill. 60603	0.2
Newburger & Company	1401 Walnut Street, Philadelphia, Pa. 19102	0.4
Newhard, Cook & Co.	400 Olive Street, St. Louis, Mo. 63102	0.4
The Ohio Company	51 North High Street, Columbus, Ohio 43215	0.5
Paine, Webber, Jackson & Curtis	25 Broad Street, New York, N. Y. 10004	1.5
Paribas Corporation	40 Wall Street, New York, N. Y. 10005	1.5
Piper, Jaffray & Hopwood	115 South Seventh Street, Minneapolis, Minn. 55402	0.5
R. W. Pressprich & Co.	80 Pine Street, New York, N. Y. 10005	0.8
Raffensperger, Hughes & Co., Inc.	20 North Meridian Street, Indianapolis, Ind. 46204	0.2
Rauscher Pierce & Co., Inc.	1200 Mercantile Dallas Building, Dallas, Tex. 75201	0.4
Reinholdt & Gardner	506 Olive Street, St. Louis, Mo. 63101	0.4
Reynolds & Co.	120 Broadway, New York, N. Y. 10005	0.8
Riter & Co.	40 Wall Street, New York, N. Y. 10005	0.5
Rodman & Renshaw	209 South La Salle Street, Chicago, Ill. 60604	0.2
L. F. Rothschild & Co.	99 William Street, New York, N. Y. 10038	0.8
Russ & Company, Incorporated	1600 Alamo National Building, San Antonio, Tex. 78205	0.2
Salomon Brothers & Hutzler	Sixty Wall Street, New York, N. Y. 10005	1.5
Scherck, Stein & Franc, Inc.	408 Olive Street, St. Louis, Mo. 63102	0.4
Schwabacher & Co.	100 Montgomery Street, San Francisco, Calif. 94104	0.5
H. B. Shaine & Co., Inc.	111 Pearl St., N. W. Grand Rapids, Mich. 49502	0.1
Shearson, Hammill & Co. Incorporated	14 Wall Street, New York, N. Y. 10005	0.8
Shields & Company	44 Wall Street, New York, N. Y. 10005	0.8
I. M. Simon & Co.	315 North Fourth Street, St. Louis, Mo. 63102	0.4
Singer, Deane & Scribner	Union Trust Building, Pittsburgh, Pa. 15219	0.4
Smith, Barney & Co. Incorporated	20 Broad Street, New York, N. Y. 10005	1.5
Stein Bros. & Boyce, Inc.	One Charles Center, Baltimore, Md. 21201	0.4
Stern, Frank, Meyer & Fox Incorporated	606 South Olive Street, Los Angeles, Calif. 90014	0.4
Stifel, Nicolaus & Company, Incorporated	314 North Broadway, St. Louis, Mo. 63102	0.2
Stone & Webster Securities Corporation	90 Broad Street, New York, N. Y. 10004	1.5
Sutro & Co.	460 Montgomery Street, San Francisco, Calif. 94104	0.4
Spencer Trask & Co.	60 Broad Street, New York, N. Y. 10004	0.8
Tucker, Anthony & R. L. Day	120 Broadway, New York, N. Y. 10005	0.5
Underwood, Neuhaus & Co., Incorporated	724 Travis at Rusk, Houston, Tex. 77002	0.4
C. E. Unterberg, Towbin Co.	61 Broadway, New York, N. Y. 10006	0.4
Van Alstyne, Noel & Co.	4 Albany Street, New York, N. Y. 10006	0.5
G. H. Walker & Co. Incorporated	45 Wall Street, New York, N. Y. 10005	0.8
Walston & Co., Inc.	74 Wall Street, New York, N. Y. 10005	0.8
Wertheim & Co.	1 Chase Manhattan Plaza, New York, N. Y. 10005	1.5
White, Weld & Co. Incorporated	20 Broad Street, New York, 10005	1.5
Winslow, Cohu & Stetson of New York, Inc.	26 Broadway, New York, N. Y. 10004	0.4
Dean Witter & Co.	45 Montgomery Street, San Francisco, Calif. 94106	1.5
Woolard & Company, Inc.	135 South La Salle Street, Chicago, Ill. 60603	0.2
		100.00%

Mr. Edwin L. Kennedy, a Director of the Company, is a general partner of Lehman Brothers, one of the Underwriters, and Mr. Frederick W. Straus, a Director of the Company, is Senior Vice President of Dempsey-Tegeler & Co., Inc., one of the Underwriters.

LEGAL OPINIONS

The legality of the Debentures and of the Common Stock will be passed upon for the Company by Lynn Adams, Esq., General Counsel of the Company, Kerr-McGee Building, Oklahoma City, Oklahoma 73102, and for the Underwriters by Simpson Thacher & Bartlett, 120 Broadway, New York, New York 10005.

EXPERTS

The consolidated financial statements and consolidated statement of earnings included in this Prospectus have been examined by Arthur Andersen & Co., certified public accountants, for the year ended June 30, 1965 and the two years ended December 31, 1966, and by Arthur Young & Company, certified public accountants, for the three years ended June 30, 1964, as set forth in their respective reports included elsewhere in this Prospectus, and are included in reliance on such reports and on the authority of said firms as experts.

INDEX TO FINANCIAL STATEMENTS

REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

To KERR-McGEE CORPORATION:

We have examined the consolidated balance sheet of KERR-McGEE CORPORATION (a Delaware corporation) and subsidiary companies as of December 31, 1966, and the related consolidated statements of income (included elsewhere in this prospectus under "Consolidated Statement of Earnings"), retained earnings and capital in excess of par value for the year ended June 30, 1965 and the two years ended December 31, 1966. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, retained earnings and capital in excess of par value present fairly the financial position of Kerr-McGee Corporation and subsidiary companies as of December 31, 1966 and the results of their operations for the year ended June 30, 1965 and the two years ended December 31, 1966, all in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Oklahoma City, Oklahoma
March 9, 1967

The Board of Directors
KERR-McGEE OIL INDUSTRIES, INC.

We have examined the consolidated statement of earnings of Kerr-McGee Oil Industries, Inc. and subsidiary companies for the three years ended June 30, 1964 (included under "Consolidated Statement of Earnings") and the related consolidated statements of retained earnings and capital in excess of par value for the year ended June 30, 1964. Our examination of the financial statements of the Company and certain of its subsidiaries was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have received the reports of other public accountants with respect to their examinations of the financial statements of certain subsidiaries whose sales and net income represent a substantial portion of the respective consolidated totals and we assume responsibility therefor in the same manner as if examined by us.

In our opinion, the statements mentioned above present fairly the consolidated results of operations of Kerr-McGee Oil Industries, Inc. and subsidiary companies for the three years ended June 30, 1964, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

ARTHUR YOUNG & COMPANY

Oklahoma City, Oklahoma
August 31, 1964

KERR-McGEE CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1966

ASSETS

Current assets:	
Cash	$ 22,418,431
Marketable securities, at cost which approximates market	386,667
Notes receivable, less allowance for loss of $414,860	5,863,093
Accounts receivable:	
Customers and others, less allowance for loss of $1,463,247	52,086,265
Inventories (Note 2):	
Petroleum and other products	65,450,143
Materials and supplies	5,045,772
Deposits and prepaid expenses	1,346,108
Total current assets	$152,596,479
Investments and other assets, at cost:	
Notes and accounts receivable due after one year	$ 6,080,374
Investments in other companies and miscellaneous (Note 3)	9,932,155
	$ 16,012,529
Property, plant and equipment, at cost (Note 4):	
Oil and gas production	$116,592,161
Drilling	56,704,177
Marketing, pipeline and refining	60,043,864
Plant food	55,947,598
Minerals	58,138,866
Other	30,895,265
	$378,321,931
Less: Reserves for depreciation and depletion	165,971,031
	$212,350,900
Deferred charges	$ 2,336,847
	$383,296,755

See accompanying notes.

KERR-McGEE CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1966

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Notes payable	$ 8,509,487
Accounts payable	37,471,558
Accrued taxes, other than income taxes	3,977,373
Accrued payrolls payable	499,700
Accrued interest payable	539,982
Other accrued liabilities	3,505,416
Taxes on income (Note 7)	10,851,881
Long-term debt due within one year	9,951,968
Dividends payable	2,320,177
Total current liabilities	$ 77,627,542
Long-term debt due after one year (Note 5)	$100,216,242
Deferred credits and reserves:	
Federal income taxes (Note 4)	$ 4,861,928
Income from sale of properties	1,242,826
Other	4,413,447
	$ 10,518,201
Minority interest in subsidiary company—	
Capital stock	$ 1,890,441
Stockholders' equity (Note 6):	
Common stock, par value $1—10,000,000 shares authorized, 6,706,768 shares issued	$ 6,706,768
Capital in excess of par value	70,073,451
Retained earnings (Note 5)	118,256,759
	$195,036,978
Less: 53,407 shares of treasury stock, at cost	1,992,649
	$193,044,329
Commitments and contingent liabilities (Note 7)	
	$383,296,755

See accompanying notes.

KERR-McGEE CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year Ended June 30, 1964	Year Ended June 30, 1965	Year Ended December 31, 1965	Year Ended December 31, 1966
Balance at Beginning of Year	$62,541,572	$76,358,872	$ 83,250,759	$100,295,455
Net Income	20,679,162	23,516,399	25,068,302	26,726,399
	$83,220,734	$99,875,271	$108,319,061	$127,021,854
Cash Dividends (A):				
Common Stock	6,861,862	7,830,585	8,023,606	8,765,095
Balance at End of Year (Note 5)	$76,358,872	$92,044,686	$100,295,455	$118,256,759
(A) Cash Dividends Per Share Common Stock	$1.10	$1.20	$1.225	$1.325

CONSOLIDATED STATEMENT OF CAPITAL IN EXCESS OF PAR VALUE

	Year Ended June 30, 1964	Year Ended June 30, 1965	Year Ended December 31, 1965	Year Ended December 31, 1966
Balance at Beginning of Year	$57,634,574	$65,233,725	$66,389,575	$67,490,679
Sales of Common Stock (Note 6)	7,599,151	1,274,060	1,101,104	2,582,772
Balance at End of Year	$65,233,725	$66,507,785	$67,490,679	$70,073,451

See accompanying notes.

KERR-McGEE CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1966

NOTE 1 — PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of all subsidiaries more than 50% owned.

The investment of the Company, as shown by its books, in subsidiaries consolidated is $40,863,812 less than its equity in the net assets of such subsidiaries as shown by the books of the subsidiaries. The difference is included in the consolidated balance sheet decreasing net property, plant and equipment $1,806,522 and increasing deferred federal income taxes $1,200,000 and retained earnings $37,857,290.

Intercompany sales and profits considered material have been eliminated.

NOTE 2 — INVENTORIES

Inventories are priced at cost determined on the first-in, first-out method, which is lower than market. Following are the opening and closing inventories used in computing operating costs and expenses.

July 1, 1963	$27,539,283
July 1, 1964	41,395,604
July 1, 1965	45,630,100
January 1, 1966	53,916,634
December 31, 1966	65,450,143

NOTE 3 — INVESTMENTS AND OTHER ASSETS

Investments in other companies and miscellaneous includes common capital stock of American Potash & Chemical Corporation as follows:

	Shares	Cost	Market Value
December 31, 1966	226,800	$9,089,688	$7,427,700
December 31, 1965	33,800	1,322,822	1,470,300

The market value of the 226,800 shares at March 9, 1967 was $8,675,100.

NOTE 4 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated, depleted or amortized over their estimated life by application of the unit-of-production or the straight-line method. In arriving at rates under the unit-of-production method of depreciation and depletion, the quantities of recoverable oil, gas and other minerals were established upon estimates made by the Company's geologists and engineers.

In determining depreciation on equipment computed under the straight-line method, the following rates were used:

Drilling equipment	12½ to 50%
Marine equipment	10 to 20%
Refining facilities	10 to 12½%
Pipeline facilities	10%
Marketing facilities	4 to 33⅓%
Gas processing facilities	6⅔ to 20%
Minerals facilities	8 to 33⅓%
Fertilizer facilities	9$\frac{1}{11}$ to 16⅔%
Lumber operations	10 to 16⅔%
Automotive equipment	16⅔ to 33⅓%
Aviation equipment	16⅔ to 20%
Buildings	2 to 20%
Furniture and fixtures	5 to 33⅓%

The Company and its subsidiaries follow the policy of capitalizing intangible drilling and development costs of productive wells but deduct such costs in the year incurred in their federal and state income tax returns.

Maintenance, repairs and minor replacements are charged to operating costs and expenses. Upon disposition or retirement of property, the depletion, depreciation and amortization reserves applicable thereto are removed from property accounts. Profit and loss on the sale of properties are taken into income when sold. The net cost of dry holes and the net cost of drilling nonproductive wells, after deduction for salvage, are charged to expense in the year the dry hole or nonproductive well is completed.

For federal income tax purposes, the companies are depreciating certain facilities by use of accelerated methods and have deducted in the year incurred certain costs which have been deferred, and are being amortized in the financial statements. Additional charges or credits have been made to the provision for income taxes equal to the increased or decreased federal income taxes which would have been payable if taxable income had been determined by deducting normal depreciation and by deferring and amortizing such other costs.

Note 5 — Long-Term Debt

Long-term debt at December 31, 1966, consists of the following:

	Due after one year	Due within one year
5% insurance company loan, due 1976-1985	$ 60,000,000	$ —
5¼% Sinking Fund Debentures, due in annual installments to June 1, 1977	14,748,265	—
4¾% bank loans, due in semi-annual installments through 1970	9,250,000	3,500,000
5½% insurance company loan, due 1972-1976	5,250,000	—
5% bank loans payable in annual installments to July 1, 1971	4,200,000	1,050,000
5½% bank loan payable in varying quarter-annual installments	2,096,544	3,338,787
4½% insurance company loans, due in varying quarter-annual installments through 1969	1,878,134	1,170,000
Other	2,793,299	893,181
	$100,216,242	$9,951,968

The aggregate maturities and sinking fund requirements for the five years following December 31, 1966 are:

Year ended December 31	
1967	$ 9,951,968
1968	10,234,556
1969	6,898,190
1970	5,119,729
1971	2,503,759

Long-term debt agreements contain restrictions on the payment of dividends on common stock. At December 31, 1966, approximately $45,775,000 of the retained earnings is not subject to these restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 1966

NOTE 6 — STOCKHOLDERS' EQUITY

Under the Company's employee stock option plans, the 1956 plan options are exercisable during a five-year period commencing three years from the date granted; the 1963 plan options are exercisable 20% each anniversary date until the fifth anniversary date of the grant. The option price under the 1956 plan was approximately the fair market value at the date of grant; under the 1963 plan the option price was 100% of the closing price on the New York Stock Exchange on the date granted. Information regarding employee stock option plans for the three years and six months ended December 31, 1966 follows:

	Shares	Amount
Options becoming exercisable	27,945	
Option price, \$23.50 to \$61.50		\$1,024,397
Market value at date exercisable, \$36.50 to \$84.50		1,780,899
Options exercised	93,473	
Option price, \$17.13 to \$57.00		2,133,390
Market value at date exercised, \$35.00 to \$84.13		4,594,000
Options outstanding at December 31, 1966	46,280	
Option price \$21.75 to \$83.13		2,071,857
Shares available for granting of options at December 31, 1966	51,332	

During the year ended June 30, 1964, 197,794 shares of stock were purchased by holders of warrants at \$37.89 per share, for an aggregate consideration of \$7,494,414 of which \$7,296,620 was used to increase capital in excess of par value. Warrants outstanding at December 31, 1966 entitle the holders to purchase 10,697 shares of common stock of the Company at \$39.12 per share through June 30, 1967, and 1,996 shares at \$43.77 per share through January 4, 1980.

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES

The Company has long-term (three years and over) leases for real property and equipment for which minimum rentals payable will be approximately \$2,449,000 in 1967, \$2,317,000 annually through 1972, then \$1,733,000 annually through 1977, with decreasing amounts thereafter.

The Company is guarantor of loans made to Kermac Potash Company, a partnership, in which the Company is a fifty per cent partner. As of December 31, 1966, such loans amounted to \$21,000,000. The Company and its subsidiaries have certain other contingent liabilities arising from the normal conduct of business, including lawsuits, claims, guaranties, federal taxes, etc., which are not material in the opinion of the officials of the Company.

The federal income tax returns of the Company for a period of several years are currently under examination by the Internal Revenue Service. Certain adjustments have been discussed, but no assessment has been received by the Company. In the opinion of management, any final adjustments will not have a material effect on the financial position of the Company.

NOTE 8 — RETIREMENT PLANS

The Company and certain of its subsidiaries have retirement plans covering the majority of their employees. The total retirement plans expense for 1966 was \$1,215,602. The Company's policy is to fund retirement cost of the various plans currently. The estimated actuarially computed value of vested benefits for all plans at December 31, 1966, was fully funded. During 1966 some of the retirement plans were amended to recognize provision for additional benefits. These changes had the effect of reducing net income for the year by approximately \$214,000.

NOTE 9 — SUPPLEMENTARY PROFIT AND LOSS INFORMATION

	Year Ended			
	June 30, 1964	June 30, 1965	Dec. 31, 1965	Dec. 31, 1966
Maintenance and repairs were charged to:				
Operating costs and expenses	$ 6,838,538	$ 7,595,773	$ 8,257,892	$ 9,551,486
Other accounts	286,670	157,508	293,054	286,230
	$ 7,125,208	$ 7,753,281	$ 8,550,946	$ 9,837,716
Depreciation, depletion, and amortization of fixed and intangible assets were charged to:				
Operating costs and expenses	$17,870,050	$19,531,406	$21,154,132	$20,808,636
Other accounts	83,899	298,084	963,125	356,270
	$17,953,949	$19,829,490	$22,117,257	$21,164,906
Taxes, other than income taxes were charged to:				
Operating costs and expenses:				
Gross production	$ 1,107,562	$ 1,234,730	$ 1,301,954	$ 1,544,763
Ad Valorem	1,491,456	1,808,220	1,950,413	2,234,402
Payroll	1,461,515	1,512,577	1,651,268	2,079,083
Other	827,505	965,755	965,575	855,430
Other accounts	78,539	74,491	115,676	49,102
	$ 4,966,577	$ 5,595,773	$ 5,984,886	$ 6,762,780
Rents and royalties were charged to:				
Operating costs and expenses:				
Rents	$ 2,925,485	$ 3,872,757	$ 4,236,412	$ 3,733,562
Royalties	166,824	114,957	122,524	104,920
Other accounts	66,904	112,506	147,754	—
	$ 3,159,213	$ 4,100,220	$ 4,506,690	$ 3,838,482

There were no management or service contract fees paid during the above periods.

PRINTED IN U.S.A.

11. LISTING ON OTHER STOCK EXCHANGES

The Company's Common Stock outstanding and reserved for issue and its 3¾% Convertible Subordinated Debentures due May 1, 1992, are both listed on the New York Stock Exchange.

12. STATUS UNDER SECURITIES ACTS

Company has complied with all registration and other filing requirements of the Securities Act of 1933 and the rules and regulations of the U.S. Securities and Exchange Commission and all such filings are currently up to date. Upon approval of this listing application, Company will promptly comply with the Ontario Securities Act of 1966 to the extent required by the rules and regulations thereunder.

13. FISCAL YEAR, ANNUAL MEETING AND HEAD OFFICE

Fiscal year of the Company ends on the last day of December of each year. By-Laws of the Company provide that the annual meeting of the share holders shall be held on April 28 of each year at any time or place designated by the Board of Directors. The last Annual Stockholders' Meeting was held on April 28, 1967. The principal office of the Company is located in the Kerr-McGee Building, Oklahoma City, Oklahoma, 73102.

14. TRANSFER AGENTS AND REGISTRARS

The transfer agents and registrars of the common stock of the Company are as follows:

City	Transfer Agent	Registrar
New York	First National City Bank, 55 Wall Street, New York, New York 10015	The Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, New York 10015
Chicago	American National Bank and Trust Company of Chicago, La Salle Street at Washington, Chicago, Illinois 60690	The First National Bank of Chicago, 38 South Dearborn Street, Chicago, Illinois 60690
Toronto	International Trust Company, Toronto, Ontario, Canada	Montreal Trust Company, Toronto, Ontario, Canada

and the share certificates are interchangeable.

15. TRANSFER FEE

No fee is charged for transfer of the Company's stock and Debentures other than the customary government stock transfer tax.

16. AUDITORS

The Company's independent auditors are Arthur Anderson & Co. Certified Public Accountants, Kermac Building, Oklahoma City, Oklahoma, 73102.

17. OFFICERS AND DIRECTORS

The current officers of the Company are as follows:

Name	Title	Address
D. A. McGee	Chairman of the Board and Chief Executive Officer	Kerr-McGee Building, Oklahoma City, Oklahoma
F. C. Love	President	Kerr-McGee Building, Oklahoma City, Oklahoma
J. B. Saunders	Executive Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
A. T. F. Seale	Senior Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
L. A. Woodward	Senior Vice-President— Financial	Kerr-McGee Building, Oklahoma City, Oklahoma
George H. Cobb	Senior Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
H .H. Raborn	Senior Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
Lynn Adams	Vice-President, General Counsel and Secretary	Kerr-McGee Building, Oklahoma City, Oklahoma
M. F. Bolton	Vice-President,	Kerr-McGee Building, Oklahoma City, Oklahoma

Name	Title	Address
Edward C. Borrego	Vice-President—Personnel	Kerr-McGee Building, Oklahoma City, Oklahoma
R .M. Chesney	Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
J. C. Finley	Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
R. M. Fryar	Vice-President— Nuclear Division	Kerr-McGee Building, Oklahoma City, Oklahoma
George C. Hardin, Jr.	Vice-President—Exploration	Kerr-McGee Building, Oklahoma City, Oklahoma
J. J. Kelly	Vice-President—Corporate Transportation and Purchasing	Kerr-McGee Building, Oklahoma City, Oklahoma
G. B. Kitchel	Vice-President— Drilling Contracts	3801 Kirby Drive, Houston, Texas
R. M. Knox	Vice-President—Marketing, Pipeline and Refiining Division	Kermac Building, Oklahoma City, Oklahoma
V. L. Mattson	Vice-President and Technical Adviser to the Chairman	Kerr-McGee Building, Oklahoma City, Oklahoma
George B. Parks	Vice-President	Kerr-McGee Building, Oklahoma City, Oklahoma
Jack W. Roach	Vice-President—Chemicals	Kerr-McGee Building, Oklahoma City, Oklahoma
S. B. Robinson	Administrative Assistant to the Chairman, Assistant Secretary and Assistant Treasurer	Kerr-McGee Building, Oklahoma City, Oklahoma
D. A. Watkins	Treasurer and Assistant Secretary	Kerr-McGee Building, Oklahoma City, Oklahoma
P. A. Puttroff	Controller	Kerr-McGee Building, Oklahoma City, Oklahoma
William E. Heimann	General Attorney and Assistant Secretary	Kerr-McGee Building, Oklahoma City, Oklahoma
R. D. Robins	Assistant Secretary and Assistant Treasurer	Kerr-McGee Building, Oklahoma City, Oklahoma
Carter G. Dudley	Assistant Secretary	Kerr-McGee Building, Oklahoma City, Oklahoma
James R. Farley	Assistant Secretary (Virginia Only)	10 South Tenth, Richmond, Virginia

The current Directors of the Company are as follows: (1)

Name	Address
Grady D. Harris, Jr.	President, Fidelity National Bank & Trust Company, Oklahoma City, Oklahoma 73102
Edwin L. Kennedy	Partner, Lehman Brothers, Investment Bankers, New York, New York
Breene M. Kerr	Vice-President, Kerr-McGee Chemical Corp., Kerr Building, Oklaham City, Oklahoma 73102
Robert S. Kerr, Jr.	Attorney-at-law, Oklahoma City, Oklahoma
T. M. Kerr	Vice-President (Retired), Kerr-McGee Corporation, Kerr-McGee Building, Oklaham City, Oklahoma 73102
Guy C. Kiddoo	Retired Banker, Chicago, Illinois

(1) Frederick W. Straus, Chicago, Illinois, a Director of the Company since 1936, died September 28, 1967, and the vacancy created by his death is not yet filled.

Name	Address
F. C. Love	President, Kerr-McGee Corporation, Kerr-McGee Building, Oklaham City, Oklahoma 73102
D. A. McGee	Chairman of the Board and Chief Executive Officer Kerr-McGee Corporation, Kerr-McGee Building, Oklaham City, Oklahoma 73102
J. B. Saunders	Executive Vice-President, Kerr-McGee Corporation, Kerr-McGee Building, Oklaham City, Oklahoma 73102
A. T. F. Seale	Senior Vice-President, Kerr-McGee Corporation, Kerr-McGee Building, Oklaham City, Oklahoma 73102
Dean Terrill	Attorney-at-law, Chicago, Illinois

18. FINANCIAL STATEMENTS

For information with respect to the Company's financial condition for the year ending December 31, 1966, reference is made to the reports of certified public accountants and financial statements that follow beginning on page 45 of the attached prospectus.

19. OPINION OF COUNSEL

Mr. Lynn Adams, Vice-President and General Counsel of Company, is filing in support of this application an opinion stating, among other things, that (a) the Company has been legally and properly organized and is a validly existing corporation under the laws of the State of Delaware, U.S.A.; (b) that as of September 18, 1967, 6,727,002 shares of Common Stock of the Company (par value $1.00 per share) have been validly issued and are fully paid and non-assessable and that the shares of Common Stock of the Company, (par value $1.00 per share) to be issued pursuant to conversion of Company's 3¾ % Convertible Subordinated Debentures due May 1, 1992, Company's Option Warrants expiring on January 4, 1980, and reserved for issuance under the Company's 1956 and 1963 Employee Stock Option Plans, but not in excess of the aggregate number of 794,997, when so issued, will be validly issued, fully paid and non-assessable shares of Common Stock of Company.

CERTIFCATE

Pursuant to resolutions adopted by its Board of Directors on the 24th day of October, 1967, the Company hereby makes application for listing of the above mentioned securities on the Toronto Stock Exchange and the duly authorized officer hereby certifies that the statements submitted in support thereof are true and correct.

Executed this 31st day of October, 1967.

KERR-McGEE CORPORATION

Corporate Seal

by "F. C. LOVE",
President

"LYNN ADAMS",
Secretary

DISTRIBUTION OF COMMON STOCK AS OF OCTOBER 30, 1967

Number								Shares
4,788	Holders	of	1	—	24	share	lots	53,255
3,916	"	"	25	—	99	"	"	181,482
2,670	"	"	100	—	199	"	"	293,711
965	"	"	200	—	299	"	"	208,041
293	"	"	300	—	399	"	"	91,922
188	"	"	400	—	499	"	"	78,105
390	"	"	500	—	599	"	"	249,296
527	"	"	1000	—	up	"	"	5,571,620
13,737	Shareholders						Total shares	6,727,432